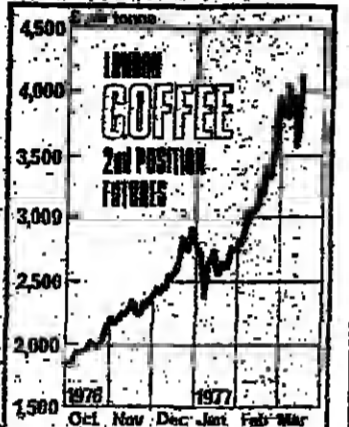


NEWS SUMMARY

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PRICE CHANGES YESTERDAY

ULTIMATUM BY MANAGEMENT AND UNIONS IS REJECTED Leyland strike to go on

BY ALAN PIKE, Labour Staff

LEADERS OF the unofficial Leyland toolroom strike yesterday responded swiftly to a warning from the company and the union, that the 3,000 strikers will lose their jobs unless they return to work on Monday, with a defiant declaration that the dispute will continue.

Normal production without toolmakers would be difficult for any length of time, but if other workers sympathise to the decision to re-open the 16 strike-bound factories look over machine maintenance work done by some of the strikers, it would enable production lines to run again temporarily.

skilled workers, in Leyland and elsewhere, which they say they have received. An "entirely unofficial" one-day stoppage in their support is planned to-day by Rolls-Royce plantroom workers in Derby and Leicestershire.

Callaghan backs tough line

BY RICHARD EVANS, LOBBY EDITOR

THE ultimatum to the toolmakers received the full endorsement of the Prime Minister yesterday after a Cabinet review of the crisis facing the company.

Booth, the Employment Secretary, at meetings with management and union representatives in the Commons late on Monday.

Text of Leyland statement and Chrysler strike end, Page 13 • Callaghan in Commons, Page 15 • Editorial comment, Page 22

Strong challenge to Gandhi as India goes to the polls

BY DAVID HOUSEGO, ASIA CORRESPONDENT

INDIA goes to the polls tomorrow in an election in which the future of Mrs. Indira Gandhi, as Prime Minister, hangs in the balance.

The other main threat to Mrs. Gandhi comes from Mr. Jagjivan Ram, the former Agriculture Minister, who resigned from Congress last year as a result of his criticism of Mrs. Gandhi's support in Northern India and among the 85m. members of the Harijan (untouchable) caste.

Industrial output rising slowly

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Table with columns: Industrial Production 1970=100, Seasonally adjusted, All Industries, Manufacturing. Rows for 1975 and 1976 months.

Lonrho bid: Hattersley rejects monopolies reference

BY OUR CITY STAFF

LRONRHO's controversial offer for a second source of supply, the specialist steels group, is not to be referred to the Monopolies Commission.

British customers going abroad for a second source of supply. Fears expressed by Serek management and unions about future employment prospects, despite AE's assurances, may also have been a significant influence.

Important factor The £34m. AE bid for Serek has been referred under the "size of assets" criterion of the Fair Trading Act.

Far smaller What is beyond dispute is that the next largest chains are far smaller, and that total monopoly would be created in certain areas.

Table with columns: Features, On Other Pages. Lists various news items and their page numbers.

Table with columns: News Analysis, 5 to New York. Lists market data for various commodities.

BELL'S SCOTCH WHISKY advertisement featuring a bottle and glass, with text: 'the Scotch of the year and every year since 1825'.

LEOPOLD ARMER & SONS Estate Agents & Valuers COMMERCIAL AND INDUSTRIAL PROPERTY, PLANT & MACHINERY.

CONTINENTAL TRADING PRICES: AUSTRIA, BELGIUM, DENMARK, FRANCE, GERMANY, ITALY, NETHERLANDS, NORWAY, PORTUGAL, SPAIN, SWEDEN, SWITZERLAND, U.K.

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PRICE CHANGES YESTERDAY

LOWBEARD

A useful role for Mr. Hattersley

BY ANTHONY HARRIS

THE SECRETARY of State for Prices and Consumer Protection has been getting a bad Press recently. It is no doubt very unfair that the Conservatives should get big headlines on a dull day by asking questions to which the answers have already been published...

Economic purists may well nod sagely and say that he cannot reasonably have expected anything better. The job is one that King Canute would have known better than to accept...

Half-truth

As usual, economic purists have elevated a half-truth into a dogma. They become so accustomed to theorising about perfect markets that they forget what markets in the real world are often imperfect...

Centralise

Surely something could be done to centralise this burden beyond the necessarily brief bulletins on radio and in the Press. Some subsidy to Citizens' Advice Bureau or local consumer groups to run local information services...

RACING BY DOMINIC WIGAN

Bird's Nest is the nap

SELDOM CAN there have been a more open Champion Hurdle than today's running. Strong cases can be made for all but Flying Diplomat, True Lad and Monkfield.

- CHELTENHAM
2.30-Checko
3.05-Miss Boon
3.40-Bird's Nest
4.15-Town Ship**
4.50-Long Lane
5.20-Mr. Straight*

Local authorities are given go-ahead for lotteries

THE GOVERNMENT has given the go-ahead for local authority lotteries, but hopes that lotteries would mean lower rates were quickly dashed. The Association of County Councils claimed that the amount of money raised would be 'derisory'.

GARDENS TO-DAY

Mildly extravagant and extremely bold

BY ROBIN LANE FOX

THREE DAYS of sunshine have made up my mind whether or not to do as much for my garden as I have done for my house. The crocuses, still in flower, are looking extremely bold with the summer rain...

Susianus

Among the less obvious kinds of plants which are being planted in my garden are the Susianus. It is so small that you can see it only if you are looking for it. It has a main stem which is a pale yellowish-brown...

Big bulbs

Having had my first good experience of big bulbs, I am now a convert. I have seen the smallest traces of what little white-flower Cardamine which I have seen in my garden. It is a fine plant with white flowers and a long stem...

Ten feet

They can go into that yellow tree if it becomes bigger it expects and remain from all four corners. It may give a fine flowering. But this why not?

Big bulbs

The boldness, rather, concerns the huge Himalayan Lily called Cardocrinum. I have told you of English

GLC welcomes U.S. delegates

MR. ILLTYD HARRINGTON, deputy leader of the Greater London Council, yesterday welcomed more than 500 conference delegates from the U.S. at a working breakfast.

Lawyers' merger 'is only way to more efficient service'

FUSION of the two branches of the legal profession—barristers and solicitors—is the only way to give the public 'a more efficient and caring service', a barristers' group says today.

New NHS charges 'may hit dentists' jobs'

THE 'SWINGING increase' in charges for National Health Service dentistry, which come into force on April 1, will act as a deterrent—and could lead to fewer jobs for dentists.

Safety league for pits

A SAFETY league aimed at reducing pit accidents still further is to be started by the National Coal Board, Sir Derek Ezra, the Board's chairman, said yesterday.

Bid to stop council traffic wardens

A MOVE by a London council to allow any of its workers to enforce parking restrictions is being opposed by Britain's three motoring organisations.

TV GUIDE

- Indicates programme in black and white.
BBC 1
6.40 a.m. Open University (UHF only) 4.15 For Schools, Colleges...

F.T. CROSSWORD PUZZLE No. 3331

Crossword puzzle grid with numbers 1-26 and some filled-in letters.

- 1 Carrier crossing those who were late (6)
2 Stops Bill taking wive (6)
3 Fidd player to dust further (7)
4 Figure there isn't a horse willing (7)
5 He works for another traveller (10)
6 Phoney half of Norfolk town (4)
7 Feteo pieces the wrong way round (5)
8 Ice store broken into in secret (8)
9 Lively article one married (5)
10 Valley company given New Year honour (5)
11 Foot obtains cap-opener by chance (4)
12 Trains regiment (5, 5)
13 Clash with officer at cover-point (7)
14 Cater musicians noticed (4, 3)
15 Forces display to take a heating (6)
16 Unite to get side into a bigger division (4, 2)
17 Liable to be shot at there and then (2, 3, 4)
18 Fuss pavy makes of deck (5)
19 Plinch a bit (7)
20 The hoody way (13)
21 Fast times like Ash Wedoer (7)
22 Figure failure by one run (6, 3)
23 Local site adapted to take swing (9)
24 Sailor gives friend everything (7)
25 Scotsman to Eden for making roads (7)
26 Went by bus round horse show (5)
27 Roadman takes public transport to Peterhead (5)
28 Solution to Puzzle No. 3330

- RADIO 1 247m
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6.30 1st Radio 1 News
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Sperry Univac

Coming clean

by CHRIS DUNKLEY

Television

During *Newsround's* recent programme on the state of British prisons, a voice kept coming into my mind to speak in counterpoint to that of reporter Tom Mangold and those of the prisoners whom he interviewed. As Mangold asked about the overnight "staps" bucket, and the prisoner bemoaned the embarrassment of using it in front of others, the voice nipped in to say "this is supposed to be prison, you know, not the Ritz."

Later, when one of the prisoners complained about the tedium of painting tatty wall plaques, and Mangold asked, with the asperity which seemed to break through several times when he spoke to prison officers, whether this work was really believed to be "creative" and "help in rehabilitation," the voice in my head suggested dryly that if prisoners did not like life inside, perhaps they should think a bit more about it before breaking the law. And so it went on.

I don't think I want any part of what is going on once they get inside," he wrote, (and he explained what did happen: "Prison law degrades them to bottom of the heap there because they are usually small, bodied and weak-minded individuals, incapable of adult relationships, they can be usefully vilified by the upstanding terrorists or grievous-bodily-harm merchants".

He also wrote: "The really complex issues are not being aired. Must prisons become simply human warehouses? Is loss of freedom enough, or must we punish by degradation? Do longer sentences deter and if they do why are there more of them? How did little to provide the sating that he rightly said those particular issues needed, but that is not really my point.

My point is that "The Crisis Inside" will have been dismissed as a programme as just another soft programme by one of television's army of trendy bleeding

heart lefties; yet no sane person reading Mangold's article could possibly reach the same conclusion or dismiss it in the same way.

And is the difference explained by something which is inherent in the two mass media? Not at all: the difference is that when the BBC publishes *The Listener* it is quite happy to let Mangold behave like a sensible adult, expressing his opinions and supporting them with the evidence collected as a reporter.

The reasons for this are worthy enough. Because television channels are so scarce (and, in the case of the BBC, because of a historic rôle as a public corporation, and most trusted news source in World War II) it has never been possible to provide a comprehensive *Daily Telegraph* of the air alongside a comprehensive *Guardian* of the air, and the

notion was consequently introduced that programmes should present subjects "objectively."

The trouble is that this ignores the fact that the very system of selecting subjects for programmes is itself a subjective one, depending upon somebody's opinion of what is and what is not important.

never mind the equally subjective process of selecting and rejecting interviews or particular lengths of film within any individual programme.

Broadly speaking the same "objectivity" rule has been adopted by ITV, though looking back over the last few years it does seem that there have been more exceptions with ITV than with the BBC: programmes by Auberon Waugh, John Pilger, and Ray Gosling come to mind, and all were products of the commercial network.

Yet all of them have, quite clearly, been exceptional (and seen as such by ITV) and do not appear to have been leading to any general change of attitude. On the contrary it is in ITV more than the BBC that we have recently been seeing examples of the hazard and corollary to the suppression of attitudes: it is practically no distance at all from that sort of concealment to the concealment of method.

Put in a more positive form, what this means is that if you require broadcasters to hide one sort of subject from the viewer, you should be surprised if they start hiding others—and in the end even deliberately making things seem what they are not.

For instance, the Yorkshire TV programme *Goodbye Longfellow Road* opened with a gutsy, verified hroubaha in which it looked as though a couple of particularly loutish hailiffs were browbeating an evicted family and squatter friends and in particular YTV's own camera crew. Yet it is possible to imagine a situation in which the viewer suffers servants of the council of the public in other words, a highly unpopular but finally came to the end of their "either on being required to do it right under the eye of the camera. The viewer was in no position to judge though the accusatory tone of the questioning from an unseen reporter was clearly suggesting that these were pretty unpleasant men.

Then we watched as squatters broke into an empty house. The odd thing was that we watched



Seymour and Mikhail Baryshnikov in the Royal Ballet's 'Romeo and Juliet,' which opened last night at Covent Garden.

Covent Garden

Don Giovanni

by MAX LOPPERT

his debut with the Royal on Monday, Bernard damped the music down, the orchestra on a leash, such determination, that must assume he had "mistaken" the opera for a large house. Any visitor to the who had predicted passages in which the muscle and uncontrolled fire of Haitink's conducting would magnificent reward—the grand adventure of 2 2 sextet, each sombre of 2 minor majesty—have been surely disarmed with the low-key bland of their realisation. Apart minor disagreements, he a chivalrous accompanist arlas, though the pacing ch was linked to no dramatic progression in the earlier-in-the first time, in the full-blooded, tone the strings brought, accompaniment of Elvira's live, there was a strong of dramatic savour and Elsewhere, of the supreme Borovani tone, supremely to muster, of demotic comedy, there was little. The conductor's read-cc. The conductor's read-cc. The conductor's read-cc. The conductor's read-cc.

the cast is Michael Devlin, a blond, beanpole of a k damped the music down, the orchestra on a leash, such determination, that must assume he had "mistaken" the opera for a large house. Any visitor to the who had predicted passages in which the muscle and uncontrolled fire of Haitink's conducting would magnificent reward—the grand adventure of 2 2 sextet, each sombre of 2 minor majesty—have been surely disarmed with the low-key bland of their realisation. Apart minor disagreements, he a chivalrous accompanist arlas, though the pacing ch was linked to no dramatic progression in the earlier-in-the first time, in the full-blooded, tone the strings brought, accompaniment of Elvira's live, there was a strong of dramatic savour and Elsewhere, of the supreme Borovani tone, supremely to muster, of demotic comedy, there was little. The conductor's read-cc. The conductor's read-cc. The conductor's read-cc. The conductor's read-cc.

Vampire

by B. A. YOUNG

never yet seen a play by Wilson of which I wholly drift. On the other hand idom seen one that didn't even laugh at Vampires, a which is several years old tich has been furnished new third act for this tion, fulfils both of these lisations.

theme, insofar as a single runs through the three- less independent s, is explicitly stated in w act. "It's all gone, it meits, who may or may Pettie Hearst, "because friends with people: They ny blood." She has been away at the top of the in New Gardens, where been joined by two punk in the first act, the st of the three daughters Welsh curate seduces a who is about to marry ber- sister. Sister poisons ber- older shoots himself but destroys his sight, and the child is turned out of the in the second act.

girl is led astray by the of a cricketer lately killed e by a boncer.

stories are not so simple s, though. In the first act, ove inexplicably to a nite salon that doubles as hel, the characters putting w personalities that do not arly emerge from their al ones." In the second ed to take place in 1914, s fighting at Passchendaele eady going on) the people into the Virginia Macy and b and enact for no good -the birth of Our Lord, as vampire teeth. In the act the mechanics of ing Miss Hearst in a com- the air are displayed ally, I suppose, to confusa d if we were not confused already. Enoch Powell tremé pressures from without ses from the coffin with a

warning against paralysis of the will in the face of danger. Nothing for it but to take the dash and let the credit go. The evening is full of laughs, often in question-bank taste if you are not a question-bank taste. The three girls that inhabit the three acts are splendidly done by Patti Love, Linda Marlowe and Diana Patrick, and Clive Mervison, Neil Johnson and Nick Edmund encompass the 4 male parts of the play about the "evils" of drink *Out of our Friends*. Disguised as "a good night out" with jaunty, punchy songs, sketches and hadinage, it takes a close look at the problems of drink, including its humorous, sentimental and miserable aspects.

By agreement with Joseph Papp the Royal Court have now obtained the rights to present the world premiere of *Sara Sheppard's Curse of the Starving House* from April 21. It will be directed by Nancy Meckler and designed by Sue Plummer. The play is set in California and depicts the struggles of a farm family trying to cope with ex- treme pressures from without and within.

I have no doubt that what came across from the programme to a great many people was a modish clever-dick of a reporter who wanted prisons made softer and softer ("Three square meals a day, central heating, and all they ever do is watch the telly") and a reporter, moreover, who appeared to be sneering at men who are paid badly for doing a rotten job on behalf of the rest of society: the prison officers.

Certainly it was to that image that the voice in my head was responding. It kept on pointing out the absence of the views of victims. It was actually the voice of my mother, but I suspect that it also represented something very close to the authentic voice of the British public. After all, we know from countless surveys and polls that if the system of this great democracy had any say in the matter, capital punishment would be reintroduced to-morrow.

As it happens I abhor capital punishment and I suspected as I watched "The Crisis Inside" that my views on the idea of imprisonment and the efficacy of to-day's prison system were probably indistinguishable from Tom Mangold's own views.

But I had to wait until the publication of *The Listener* to be quite sure of that. Mangold's article led no room for doubt or misinterpretation: "I happen to think sex offenders ought to be locked away from society, but

Radio 3

Tamburlaine

by RONALD CRICHTON

Iain Hamilton's *Tamburlaine*, broadcast in stereo on Monday, is a "lyric drama" commissioned by the BBC, conceived for radio—not an opera which happened to have a premiere on the air. Hamilton has condensed Marlowe's two plays *Tamburlaine the Great* into a single long act playing for just under an hour and a half. The monster-conqueror, whose physical endurance, generalship and lust for dominion have pushed him as far as the borders of China, is finally overtaken there by death. At the moment of dying, he relives episodes from his career in a series of flashbacks.

The method, a well-tried one, is useful for reducing Marlowe's sprawling, multi-coloured canvas to a small frame, and suitable for the theatre of the air, where the mind can range freely—or at least it can do so if the words defining time and place are audible. As both *The Royal Hunt of the Sun* and *The Collins Conspiracy* have shown, Hamilton thinks deeply about the setting of words and takes pains that they should come across.

A listener provided with vocal score and libretto is perhaps not the best judge of audibility, but can attest that the singers' diction in this performance was very good, that the composer has once again succeeded in highlighting the words. He has also, as he omitted to do in *The Royal Hunt* (but achieved to the extent required by the subject in *Collins*), provided lyrical relief.

In fact, the straightforwardly sensuous attractions of the lyrical writing are the only hazard to the intelligibility of *Tamburlaine*: sustained vowels always being a potential obstacle to "saying unfamiliar words. These phrases, however, are not the ones which carry the action, and in any case, since Hamilton has firmly and not unsuccessfully incorporated in his text a number of Marlowe's lines, some of them—"Is it not fine to be a King?" and "To entertain divine Zenocrate"—among them—are already familiar.

The episodes treated concern mainly the subjection of Cosroe, King of Persia, the humiliation

Wigmore Hall

Andrzej Malinowski

Polish Week at the Wigmore Hall began on Monday with a recital by the 28-year-old bass, Andrzej Malinowski. Now an artist at the Lyric Opera, this young singer has a fine voice, even in scale, keenly focused and black-coloured, the kind of *passo profondo* that rarely seems to grow west of the Oder. If his interpretative skill is not yet fully developed, he has especially in Polish or Russian music a good feeling for style.

Such power and resonance is obviously most at home in the opera house, but Mr. Malinowski judged the amount of sound necessary in the Wigmore Hall rather cleverly, scaling down his tone for a group of Schubert songs. Of these "Die Krähé" from *Die Winterreise* was the most interesting, perhaps because of the excellent match of tone-colour to the plumage of the "Well'gen" "Hallen" from *Die Zauberflöte*—it was again the

from inside the house as they broke down the corrugated iron sheets. YTV's cameraman got in without needing to break down those iron sheets—or had he by then switched from verité to re-enactment? Nobody explained.

This is not to suggest that *Goodbye Longfellow Road* was a worthless programme; on the contrary, it seems to have highlighted a particularly nasty little empire leeching on the under-privileged (not to mention a purblind GLC). But it is to say that viewers could have done with more information.

The very structure of the programme would have been improved by a spot of explanation: what was the order of events—journalistic investigation into misuse of public money, followed by filming of an odd selection of local people or, (as seems more likely) a long time spent not alone in failing in John Willis uncovering the housing association scandal during the course of filming?

Those of us with suspicious minds and a little experience of television production had even more questions to ask after another Yorkshire TV documentary shown last night, "Take A Lifejacket," the first in Barry Cockcroft's *Once In A Lifetime* series which was about some of the bravest men in the world: British soldiers who were sent to the front in the first world war. It is incidental to this article, but with noting that the programme was heavily promoted as the solution to a mystery, "a mystery that has baffled a Cornwall community for 33 years."

said *YTV's*, yet I am certainly not alone in failing to detect anything in the least mystifying or baffling about it.)

The questions all concerned which bits of the programme were unstaged, which were staged, and which were re-staged for the cameras. When I expressed my doubts at a preview of *YTV's* Press office kindly found me answers—but they hardly shed the needed light on all that I saw. It is a pity that the programme were not staged, and which hits were actually in fact that the general need in television documentaries—for producers to come clean: about the credentials of their reporters and, if necessary, production teams and about the extent of any manipulation they considered necessary.

English National Orchestra's new season plans

Sir Charles Groves will succeed Charles Mackerras as Music Director of the English National Orchestra, although the latter will conduct the new season's opening production of *La Bohème* on September 9 this year. Valerie Maesterson will sing Mimì, David Rendall sings Rudolph and the producer is Jean-Claude Auvray.

David Blakes *Toussaint* (the fourth opera commissioned by the English National Opera with the help of the *Salvatore Gubbenkian Foundation*) is the second production opening on September 26. Mark Elder conducts.

Sir Charles Groves will conduct Weber's *Euryanthe* on November 2 with a cast which includes Lois McDonnell, Elizabeth Connell, Derek Blackwell, Malcolm Rivers and Dennis Wicks.

Janacek's *The Excursions of Mr. Broucek* (English translation by Norman Tucker) opens on December 30. It is produced by David Pountney and Charles Mackerras will conduct. Josephine Barstow and Jon Fund.

Weaving will sing Leonora and Florestan in Beethoven's *Fidelio*, opening on March 11, 1978. The English version is by Tom Hammond, dialogue by Edmund Tracey. Joachim Herz produces, designs are by Reinhard Zimmerman, costumes by Eleanor Kleiber and Sir Charles conducts.

The final production, on March 30, 1978, is Martin's *Indes by the New Opera Company*, Charles Mackerras conducts. Anthony Bech is the producer and the designer John Stoddart.

Revisions this season will include *The Ring* (three cycles), *Madama Butterfly*, *A Night in Venice*, *Daibor*, *Barber of Seville*, *Orpheus in the Underworld*, *Le Vie Parisienne*, *Rigoletto*, *Werther*, *Carmina*, *The Toles of Hoffmann*, *Duke Bluebeard's Castle*, *Madam Butterfly*, *Tosca*, *Il Trovatore* and *Don Giovanni*.

There will be a Silver Jubilee Concert on Monday, September 12 this year and the new season will end with a Gala on March 31, 1978 in aid of the Benevolent Josephine Barstow and Jon Fund.

Cheltenham Music Festival

There will be five first performances in this year's Cheltenham Festival (July 1 to July 10): two are for symphony orchestra and open each of the concerts by the Scottish National Orchestra who will appear at the festival for the first time. *Et in Arcadia Ego* is by a young Scots woman; *Paterson* (the concert is given with the generous support of Marks and Spencer) while the SNO's second concert begins with a new work by the Welsh composer, Alun Hoddinott. The other new works are all by Englishmen: Jonathan Harvey has written a new work for the London Sinfonietta, *Inner Light 2* (commissioned with the support of the Macfarlane Walker Trust); Gordon Crosse has composed a work for Sarah Francis to play with Robert de Maistre; and Richard Orton has written a new number, *Chaconnes Perdue*, for the Llandini Consort's *The Pursuit of Love* at the Pittville Pump Room.

Two other English works in the festival are *Third Symphony* by Sir Lennox Berkeley, the festival's new president, and John Tavener's new opera, *A Gentle Spirit*.

The BBC Northern Symphony and Royal Liverpool Philharmonic return to Cheltenham and

The Entertainment Guide is on Page 40



Max Wall and Gayle Hunnicutt in 'Twelfth Night,' which opened last night at the Greenwich Theatre.

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EUROPEAN NEWS

Polish police probe demanded

WARSAW, March 11.

WARSAW University students have sent a letter to Parliament demanding a new inquiry into allegations of police brutality, dissident sources said today.

tortured workers who were arrested after riots in Radom and Ursus over food price rises last June.

"Institutions created to guard the law should themselves be subject to controls," the students added.

Bonn protest underlines detente dilemma

BY LESLIE COULT

WEST GERMANY'S protest in East Germany yesterday over its refusal to allow West Germans to visit relatives in East Germany...

and the four-power Berlin agreement establishing visiting rights for West Berliners in East Germany.

country. Early this year East Germany began refusing entry to large numbers of West Germans whose relatives have applied to join them in the West.

Hundreds of people with relatives or friends in East Germany have been refused permission by East German border officials to travel to Leipzig...

A new situation has now developed as a growing number of East Germans, estimated to be well over 100,000, have applied to be reunited with their relatives and fiancées in West Germany.

The vast majority of West Germans and West Berliners are still able to visit their families in the East. However, the East German leadership plainly regards these visitors as a source of inspiration for East Germans who want to leave the country.

Big forgery ring broken in Portugal

By Diana Smith

LISBON, March 11.

THE PORTUGUESE authorities have uncovered a ring of forgers and seized 108m. escudos (\$1.5m.) in forged Mozambican escudos—the largest sum of false currency ever discovered in Portugal...

Eleven men have been arrested—nine of them refugees from Portugal's former colonies. A police spokesman said yesterday that the forgers' intention was to flood Mozambique with false notes so as to destabilise its economy.

The Portuguese police have been on the trail of the ring for some time, since South African customs authorities discovered 10,000 false Mozambican notes in a food freezer compartment of a Portuguese airline plane at Johannesburg Airport.

Discovery of the forgery ring is seen by observers as further proof that a group of refugees, backed financially by members of the Portuguese extreme Right who once had lucrative interests in the former colonies, are prepared to go to expensive lengths to prevent Communist-backed regimes in Angola and Mozambique taking root...

Basque mayors urge total amnesty

BY ROGER MATTHEWS

MORE THAN 40 mayors of cities throughout Spain's Basque region to-day made a joint appeal to the Government to implement an immediate and total political amnesty.

The freeing of all political prisoners, the majority of whom are Basque, was the first step towards restoring peace in the region, they said.

As the statement was issued, large forces of riot police patrolled large areas of San Sebastian and other towns in the province of Guipuzcoa which, for the past week, have been the scene of persistent violence and strikes.

Special urgency has been added to the plea by the mayors because of signs that the Government is having increasing difficulty in restraining the paramilitary Guardia Civil and some sections of the riot police.

The hostility between the Basques and the security forces has deep historical roots, but according to some observers is now reaching a potentially dangerous situation.

The mayors added that while the issue of the amnesty hung "like a sword of Damocles" over the Basque people there was no way in which they could consider participating in a more democratic system.

Throughout to-day the Cabinet met to discuss the final terms of the electoral law that will govern the general elections promised before the end of June.

Indicators of the Cabinet's favour of locating even more seats for the Lower House of Parliament on a fixed number per province, leaving a relatively few to be distributed solely according to population.

Such a decision is sure to draw bitter protests from leftwing parties who fear that the Right Nueva Party...

would benefit strictly its supposed constituency. However, it is violence which dominates the front Spanish Press will be cast today.

Demand for devolution spread

BY A SPECIAL CORRESPONDENT

THE VERY diversity of Spain is going to prove the greatest problem for any democratically elected Government.

Two regions, Galicia in the North West and Andalusia in the South West, are the focus of the regional demands of the Basque country and Catalonia.

These areas have very clear-cut identities and are in the forefront of the movement for greater autonomy. They are also the two richest regions next to Madrid, and, as such, can more assistance from Central Government.

control, and of having to go cap in hand to Madrid to ask for permission and money to run their own affairs.

They are physically different from each other, as are their peoples.

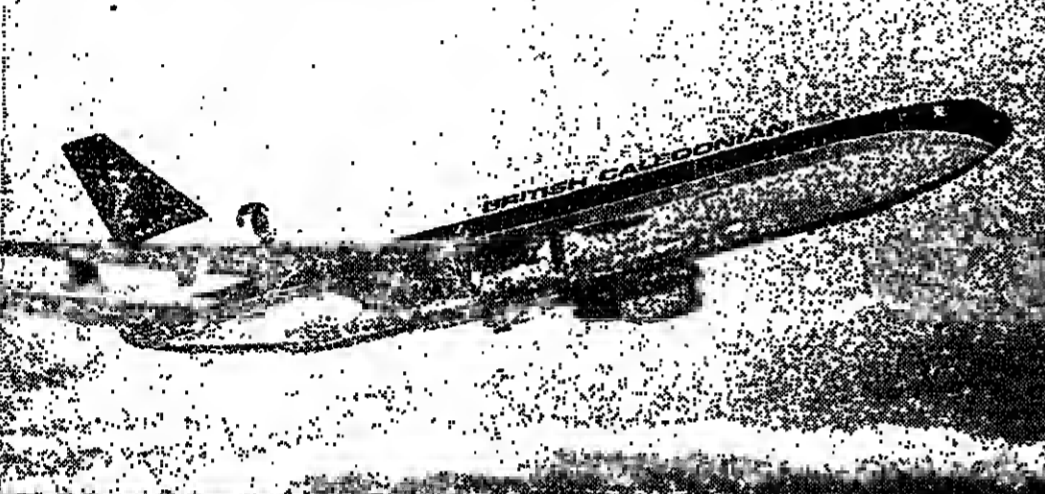
Galicia is made up of four provinces: Orense, Lugo, Pontevedra, and La Coruña. It has its own language, Gallego, and since the civil war it has been stifled in favour of the national language of Castilian Spanish.

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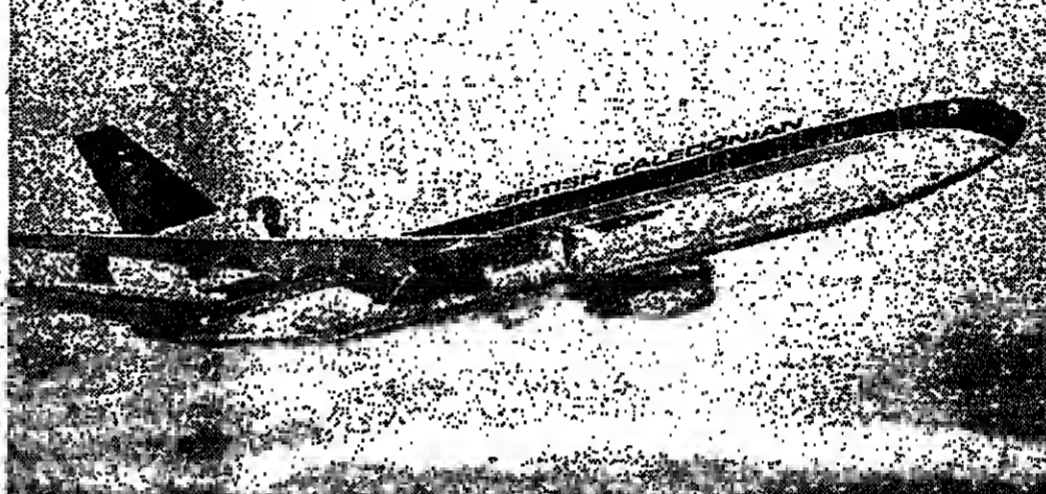
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is a common problem of Andalusia...

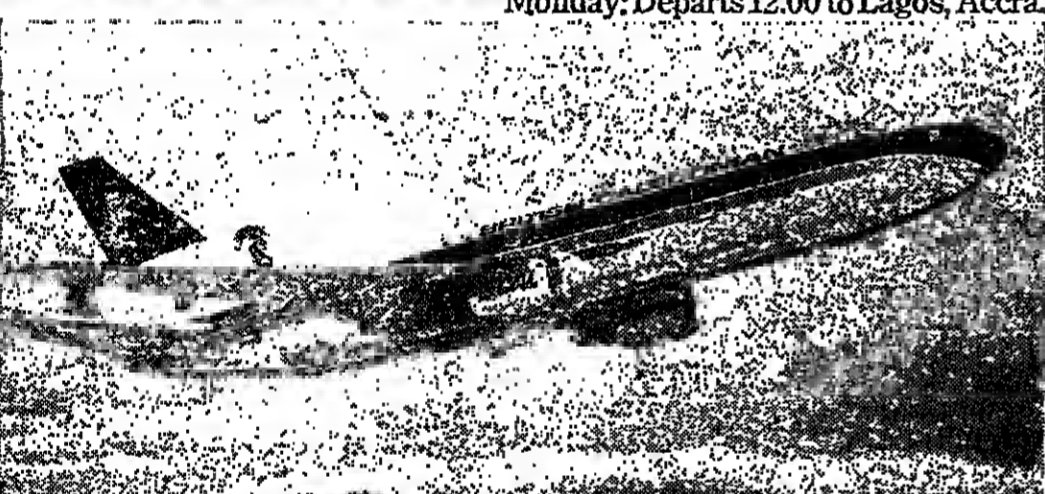
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Monday: Departs 12.00 to Lagos, Accra.



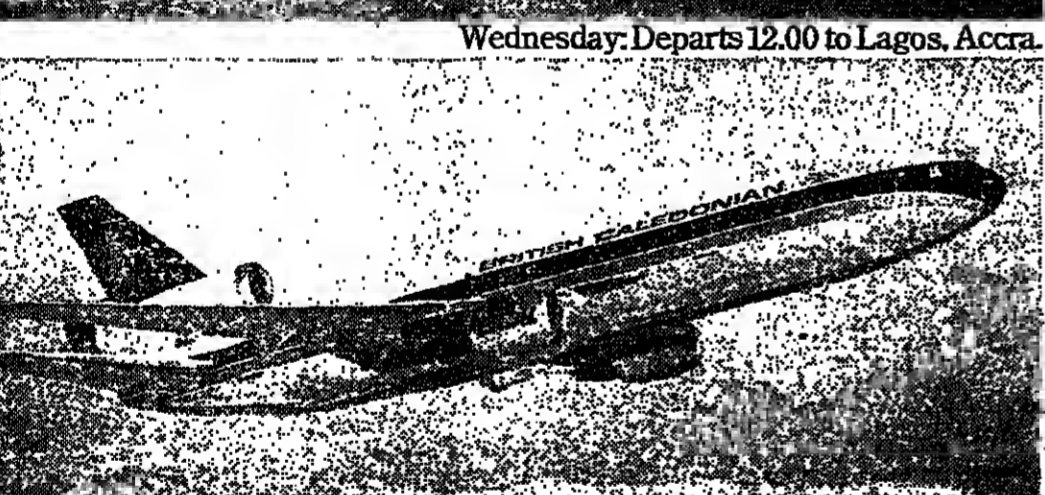
Tuesday: Departs 11.30 to Kano, Lagos.



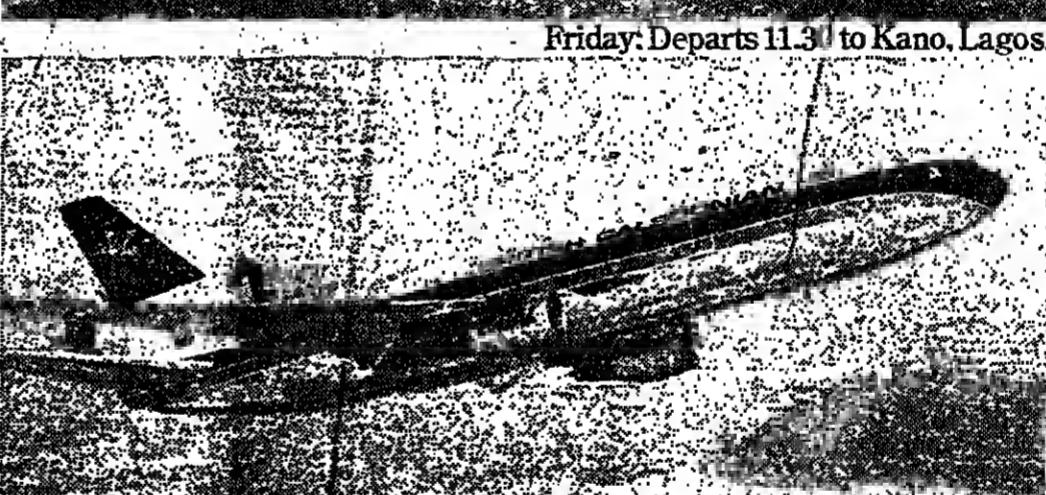
Wednesday: Departs 12.00 to Lagos, Accra.



Friday: Departs 11.30 to Kano, Lagos.



Saturday: Departs 11.30 to Accra, Lagos.



Sunday: Departs 11.30 to Kano, Lagos.

Day by day by day by day by day by day by day by DC-10

From March 20th British Caledonian's new DC-10 will fly by day to West Africa six days a week* (Take off midday, arrive West Africa early evening).

DC-10, and so can we. Bigger galleys, bigger serving areas, more room all round enables us to turn on a service that's something special even by our own high standards.

Now you needn't lose any sleep over flying to Lagos, Kano and Accra and you can enjoy the latest DC-10 with the outstanding new feature—British Caledonian service.

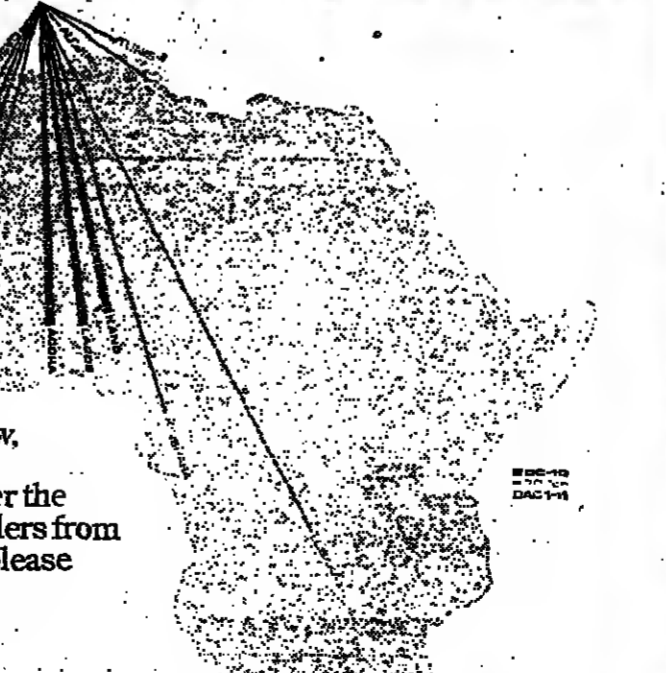
You fly by day, by superjet with service that matches the plane. No wonder you arrive in West Africa relaxed and refreshed.

There's a wonderful feeling of spacious ease about the DC-10. The wide, wide body means you're not cramped in your seat, and gives space for double aisles so you can move easily around the aircraft.

Easy-to-get-to Gatwick is Britain's fastest developing international airport. There are frequent domestic flights into Gatwick from Aberdeen, Belfast, Edinburgh, Glasgow, Jersey, Manchester and Newcastle.

Passengers can spread themselves on the

convenient departure point for travellers from all over the UK. There are excellent road and rail-links for travellers from London and the South of England.



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Advertisement for THESSALONIKI INTERNATIONAL FAIR, featuring food, beverages, and machinery. Includes dates April 17-24 and contact information.

Handwritten Arabic text: مَكْرًا مَكْرًا

Handwritten signature or mark in a box.

Jewish dissident arrested in Moscow

By David Satter

MOSCOW, March 15. NATOLY SHEKHARANSKI, a Jewish spokesman and member of the committee to monitor Soviet absence of the Helsinki accord, as arrested today by at least eight KGB plain-clothes men inside the home of Jewish dissident Vladimir Slepak. The seizure of Mr. Shekharanski, apparently the third member of the Moscow Helsinki group to be arrested in the last six weeks, came only moments after it was learned that Mikhail Shtern, a Jewish doctor whose 1974 conviction in Vladivostok came an international cause célèbre, had been set free. Mr. Shekharanski had been a political prisoner in Mr. Slepak's flat for the past two weeks. The KGB men sitting on the landing above the apartment dined in a car below, and following him everywhere when he went out. Mr. Shekharanski left his flat today accompanied by Mr. Harmaid Pipet, Moscow representative of the Baltimore Sun, and Mr. Slepak in an attempt to see whether the decision to free Dr. Shtern relieved pressure on him. As we left the apartment, the KGB men came running up from an upstairs landing, charging, one of them shouting that only two of those accompanying Mr. Shekharanski should enter the lift. Mr. Slepak and two of the KGB men began to walk down the stairs and Mr. Pipet, Mr. Shekharanski and I rode down the lift with the two remaining KGB men. When we arrived on the ground floor and walked to the entrance of the building, least four plain clothes men in through the front door rounding Mr. Shekharanski in the area between the two entrances while the two KGB men who had ridden up in the lift with us stepped between Mr. Shekharanski and me. Before he was seized, Mr. Shekharanski and other Jewish dissidents had been exultant at the release of Dr. Shtern. Mr. Shekharanski, however, said it was entirely possible that a major espionage trial was still planned and let authorities be released. Dr. Shtern to prove to the world that they are not anti-Semitic.

French coalition facing disquieting jobs situation

By Robert Mauthner

PARIS, March 15.

THE French unemployment situation, which is a key to the ruling coalition's prospects for next year's general election, remains disquieting with a rise of 1.2 per cent over the 12 months—and probably contributed to the widespread gains of the Left in last Sunday's first round of the municipal elections. According to the latest official figures, the number of unemployed applicants for jobs in February reached the seasonally adjusted record figure of 972,400 compared with 944,700 in January, a rise of nearly 3 per cent, and 929,000 in December. The previous record of 866,000 was set in June, 1975. Through there was a slight fall in the crude figure—1,058m. in February compared with 1,068m. in January—the reduction, normal at this time of the year, was considerably less than the drop during the period last year. Another cause for concern is that as many as 45 per cent of the applicants for the jobs were below the age of 26 and that more than 43 per cent had been looking for work for periods of six months to a year. The high rate of unemployment, which is unlikely to be reversed until the autumn on the most optimistic assumptions, is the price which Prime Minister Raymond Barre has had to pay for success in other fields, such as the fight against inflation. Last year's price freeze, which ended on January 1 in the private sector but continues in the public sector until the end of this month, and the reduction in the standard rate of value added tax at the beginning of this year brought the rise in the official cost-of-living index down to only 0.3 per cent in January. However, even the Government predicts a progressive increase in the rate of inflation over the next few months. Other economic indicators also do not justify any excessive optimism about the French economic situation in the coming months. Last year's current account deficit of Frs.27,500m. (about £3,200m.), which has just been announced and is large by French standards, was mainly the result of the trade deficit of more than Frs.20bn., which on a monthly basis has now begun to decrease. However, though down in February from January's Frs.2,330m., it is estimated to be not far short of Frs.2bn. Industrial production is tending to stagnate, industrial stocks are beginning to rise again and investments remain weak. According to the Bank of France's latest monthly bulletin, there continues to be a substantial margin of excess capacity in industry as a whole and little sign of an improvement in productivity. The great exception is the motor industry, which is booming.

EEC talks on minimum steel prices

By David Bohan

BRUSSELS, March 15.

THE POSSIBILITY of minimum reference prices for certain finished steel products is to be discussed by the full EEC commission tomorrow, when Viscount Etienne Davignon, the EEC Industry Commissioner, is due to unveil more of the thinking behind the plan for European steel which he is preparing. The reference prices, which would cover the six products on which the commission has already set voluntary sales quotas for the first six months of this year, would simply be published in the EEC official journal, and companies could not be penalised for disregarding them. But Viscount Davignon evidently feels that it would have a beneficial effect on the market, although steel consumer groups (including, it is understood, the Confederation of British Industry) have complained about the idea. The commission is even thinking of setting compulsory minimum prices on reinforcing bars, because the sales quotas on this product are not being obeyed. But such a step would almost certainly require approval from the council of ministers. Also on tomorrow's commission agenda is the question of introducing import licensing. This would amount to a form of administrative harassment and help to remove the fears of steel companies that, if they were to stick to the minimum reference prices, they would not be undercut by floods of imports. Tomorrow's meeting is only one of a series that Viscount Davignon is having on his steel plan, which he hopes to have ready for discussion by the European summit in Rome at the end of March, and completed in early April.

Turkey to drill for oil in the Aegean after 'positive' soundings

By Metin Munir

ANKARA, March 15.

TURKEY IS to drill for oil in the Aegean Sea. Mr. Selahattin Kilic, the country's Minister of Energy and Natural Resources, announced today that bids have already been received from companies to drill in three selected points. "The bids will be evaluated in the shortest possible time and drilling for oil will begin," he said. Mr. Kilic said "positive results" had been obtained from the soundings undertaken last summer by the Turkish State survey vessel Sismik 1. These soundings brought Turkey and Greece, which have conflicting claims to large tracts of the Aegean, close to armed confrontation. Mr. Kilic referred to the Aegean in passing while denying local news reports of impending crude shortage and problems with Iraq, Turkey's major supplier of oil. If Turkey has decided to drill in areas claimed by Greece, a major crisis will certainly erupt. Mr. Kilic, however, did not specify where or when the wells would be opened, or which companies had bid in drill. Observers presume that the companies are foreign, because there are no Turkish companies capable of off-shore drilling. They thus also presume that the wells will be sunk in uncontroversial regions, as no foreign company would undertake an operation which might lead to hostilities between Turkey and Greece. After last summer's crisis Turkey and Greece had agreed to open negotiations on the apportioning of the Aegean Sea continental shelf and to refrain from provocative activity. Our Athens correspondent writes: There was no official reaction here to the Turkish announcement. The Greek Government assumes that drilling will be outside contested areas, not only because no international oil exploration company would undertake work in disputed areas, but also because Greece and Turkey agreed in Beroe last November to refrain from acts which could jeopardise their talks on the dispute over territorial rights in the Aegean. Observers here were sceptical concerning the positive results reportedly obtained by the Turkish exploration vessel last summer. The latest appraisal of the oil deposits discovered by a consortium of American and European companies off the north Aegean island of Thassos late in 1976 has confirmed the original estimate of 25,000 barrels a day. The Greek Minister of Industry, Mr. Constantine Kiofagos on various occasions explained that from all indications the seabed of the Aegean is fragmented because of innumerable geological faults, making the exploitation of any oil deposits there difficult if not commercially unviable. Diplomats observers here believe the Turkish moves including a possible further visit of the Sismik to the Aegean later this year may all be part of political manoeuvring with a view to the forthcoming elections in Turkey. The Greek government is waiting for a reply from Ankara to a note it sent last Saturday concerning Turkish manoeuvres planned in the Aegean from March 21 to 27. The Greek view is that although they will be held in Turkish and international waters and airspace the manoeuvres are scheduled in such a way they may hamper navigation and air traffic in the area. A Government spokesman said today there was no reason for concern.

Chirac and d'Ornano agree poll tactics

By David Curry

PARIS, March 15.

THE FINAL round of France's second round has been decided. Each man, however, has agreed to give the others a clear chance of pushing their total up to 50 by the close of Sunday's voting. A clutch of towns in the West where the Left scored its most dramatic gains in the first round are vulnerable to the Left's advance including Le Mans, Rennes, Saint-Brieuc and Nantes, as are some majority held towns in the east-central France including Saint-Etienne, whose current preoccupation is less the fate of the incumbent mayor and Junior Finance Minister, M. Michel Durafour, than that of "Les Verts", the local football team, which to-morrow faces Liverpool on Merseyside in the second leg of their European Cup match defending a slender 1-0 lead. Barring a dramatic change of votes on Sunday, this guarantees a substantial majority of seats on the 108-man Paris Council for the parties of the majority coalition—with the Gaullists possibly coming close to a majority on their own. The majority will also be united behind a single list elsewhere in France where the first round saw "primaries" or competing lists. With the Gaullists doing less well in the country than their leader in Paris, the Independent Republicans and majority of Paris to M. Chirac, centrists will benefit more but suggested that his own party should have the right to fill the No. 2 post in City Hall, the powerful finance directorship. Other jobs would be filled to rough proportion to final voting strength. M. Chirac has not responded to these proposals on the share-out of the spoils, deeming them "premature" until the combat in the first round. With the Government forces hurrying the hatchet (albeit in a shallow grave) the union of the Left was quick of the mark in announcing its own decision to support single lists in the 20 or so towns where they were in combat in the first round. In the east-central France including Saint-Etienne, whose current preoccupation is less the fate of the incumbent mayor and Junior Finance Minister, M. Michel Durafour, than that of "Les Verts", the local football team, which to-morrow faces Liverpool on Merseyside in the second leg of their European Cup match defending a slender 1-0 lead.

Faroes fish curf delayed

By Robin Reeves

BRUSSELS, March 15.

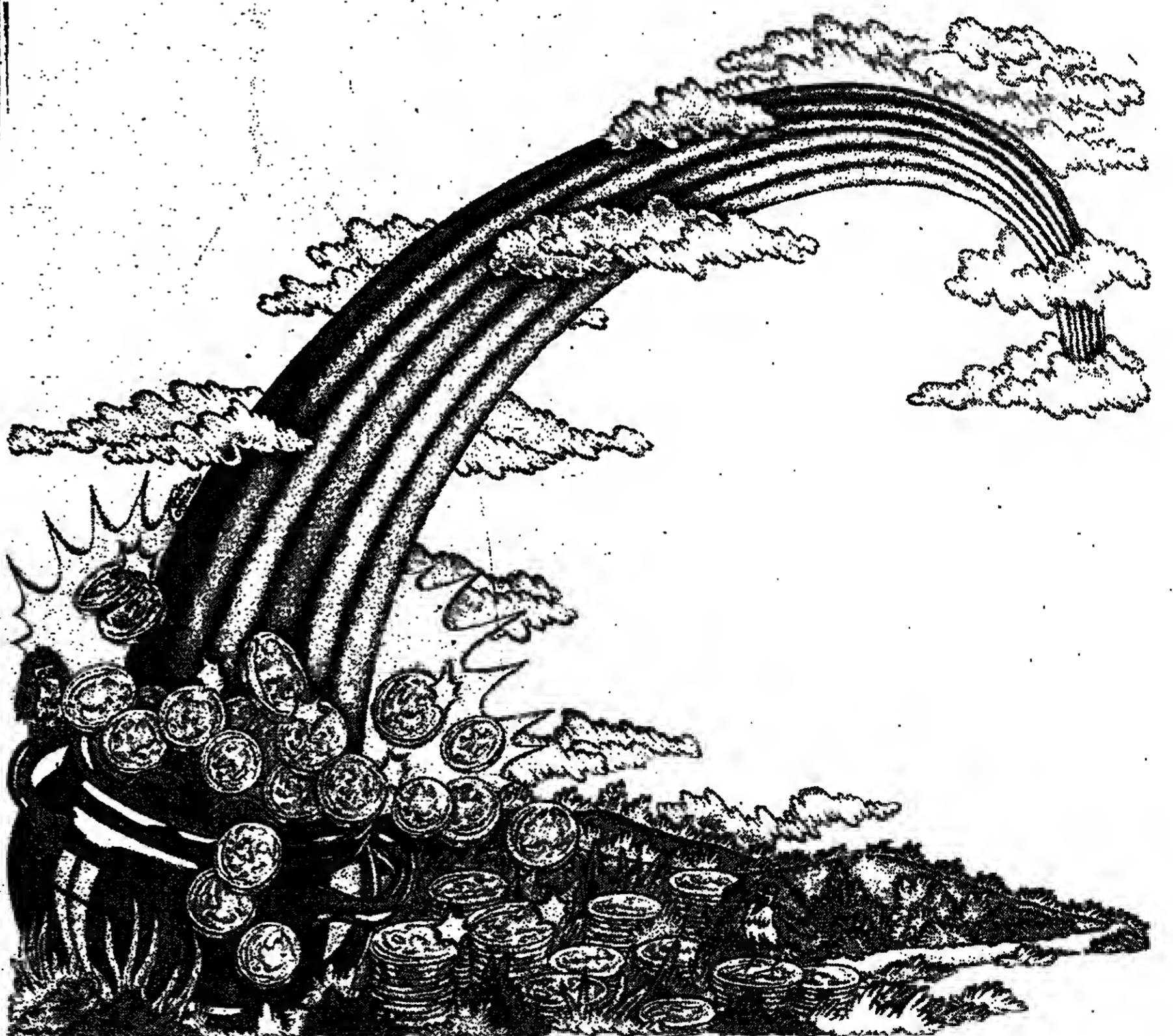
THE THREAT to British fishing off the Faroe Islands receded here today when Faroese leaders agreed to postpone implementation of new stringent conservation measures, pending consultations with the EEC. The postponement was announced as a new Faroes-EEC framework fisheries agreement was formally signed by Mr. John Silkin, in his capacity as President-in-office of the Council of Ministers, and Mr. Atij Dam, Prime Minister of the Faroes Government. The Faroes announced last week it was introducing conservation measures with effect from today in restrict the total EEC catch to 1,000 tonnes of cod and haddock over the next six weeks. This compares with some 7,000 tonnes of the two varieties in the first four months of last year by U.K. fishermen alone. In January and February an estimated 45 British trawlers, the majority of them from Scotland, were fishing in the waters concerned. Discussions on the proposed conservation measures got underway immediately between Faroese representatives and the Brussels Commission. Mr. Silkin said that no deadline had been set for the completion of consultations and that a further round might be necessary. "But what looked like an ultimatum, no longer is."

New Yugoslav Premier

By Aleksandar Lebi

BELGRADE, March 15.

MR VESELIN DJURANOVIC, the chairman of the League of Communists, was approved today by the Yugoslav federal Parliament and sworn-in as the new Premier and President of the Federal Executive Council. No change was made in the cabinet of Premier Dzemal Bijedic. In an address to Parliament after the election, Mr. Djuranovic stressed that his Government would continue the same internal and foreign policies. It would further develop Yugoslavia's unique system of workers' self-management and its non-aligned foreign policy, he said.



Whether or not your firm finds new profits depends where you look

In today's economic conditions, the pressure is on industry to invest—to ensure productivity and provide employment. But, tough competition and price restraint mean that the profits to fund such investment must be found in the areas of greater efficiency and trimmed costs. And, more and more industrialists are achieving these, simply by introducing electricity for some of their processes. We know well enough you won't be convinced by anything except facts and figures, so here are just some—in brief. Using electric induction furnaces, a heating manufacturer saved 30% on melting costs. A similar investment increased a hydraulic company's productivity by 25%. A spring-maker virtually eliminated a reject rate of 5%. And a similar result was achieved by a plastics coating firm—who estimated that their electric compressed air drying investment was repaid in 7 weeks. Better products. Lower unit costs. These are the positive benefits electricity is bringing to many firms. Not forgetting the advantages of being cleaner, quieter and simpler than a fuel that has to be burned. Talk things over with the Industrial Sales Engineer at your Electricity Board. The sooner you do, the more you'll gain.

INVESTELECTRIC

The Electricity Council, England and Wales.



Consolidated turnover at December 31, 1976 for the entire BSN-Gervais Group, on the basis of provisional data, totalled Frs.11,656 million as against Frs.9,987 million for the corresponding period in 1975, representing an increase of 16.7%. For a comparable structure and exchange rate for the two financial years, the increase would have been of 14.1%.

Table with 4 columns: Category, 1976 Turnover (in Frs. m.), Variation 1976/1975, and Variation for a comparable exchange rate and structure. Rows include Food, Packaging, Flat Glass, and a total.

In the Food division, sales at comparable exchange rate and structure increased by 16% for the "Drinks" division, 11.4% for the "Fresh products" division and decreased by 1.5% for the "Dried products" division. For the Packaging division, the increase totalled 15%, before elimination of internal transfers to the Food division. Sales for the Flat glass division increased by 22%.

Hanover Fair '77 for decisive contacts 20th-28th April

DAY VISITS allowing a full working day at the fairground: from LUTON airport Thursday 21st April from GATWICK airport Tuesday 26th April £59 per person inclusive of return jet flights, transfers and entrance ticket/catalogue voucher. PACKAGE TOURS inclusive of return scheduled flights from London HEATHROW, season ticket/catalogue voucher and overnight accommodation in central Hanover hotels from £102 per person. Departures from provincial points quoted on request. We have a resident representative and our own information office at the fairground. For IMMEDIATE confirmation or further details please telephone Ian Stewart on 01 499 8636 or write to UK & Eire Visitors Official Agent. Kuoni Travel Limited, 33 Maddox Street, London W1R 9LD. Trade Fairs are our business.

AMERICAN NEWS

Blumenthal says reflation key London summit topic

BY JUREK MARTIN, U.S. EDITOR

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, says it is "too early to tell" if U.S. pressure on Bonn to stimulate the West Germany economy is having any success.

In an interview in his office last night with a small group of journalists, Mr. Blumenthal stressed that "we have been making our views known since January," the main one of which is that it is the responsibility of countries with payments surpluses to speed up their own economic growth so as to encourage a more rapid worldwide recovery.

The Treasury Secretary said that a "general consensus" was emerging among the industrialized countries on the topics for discussion at the economic summit in May and he put reflation at the head of his list of half-dozen items.

He also said that the U.S. would have ready by May position papers on international mechanisms designed as he put it, to create "more access to capital resources to help countries in temporary balance-of-payments difficulties."

He said that he did not know how "hard and fast" the U.S. proposals would be, but noted that Dr. Johannes Witteveen, managing director of the International Monetary Fund, was also working on the subject. The fund studies are understood to be focusing on ways to create at least a further \$10bn. in international liquidity.

Mr. Blumenthal observed that

one solution might be to revive in some form the \$25bn. OECD safety net, approval for which has been refused by the U.S. Congress. But he also said that the U.S. was considering another mechanism "that would have the same effect." He did not elaborate but seemed to be expressing a preference for the second alternative.

Additional

This subject was discussed at senior civil servant working level in Washington on the weekend by representatives of the countries who will be attending the summit. The British position is that additional financial mechanisms are needed. Mr. James Callaghan, the British Prime Minister, expressed his support for the principle following his talks here last week with Mr. Jimmy Carter, the U.S. President.

Mr. Blumenthal also denied that there had been any change in U.S. policies towards another key item on the summit agenda—the problems of the less developed countries (LDCs) and specifically the question of a common fund covering commodities as proposed by the UNCTAD secretariat.

The U.S. position, he said, was essentially that there was no "haste objection" to individual case-by-case commodity agreements. Nor would the U.S. say that a common fund was "absolutely out" since it was perfectly prepared to talk about its creation. But he made clear that individual commodity agreements would have to come first and the common fund later, assuming the first were successfully negotiated.

In a sense, this represents something of a tactical shift, since U.S. opposition to the common fund had been seen as absolute. What the U.S. now seems to have concluded is that outright rejection of the common fund would make all but impossible agreement on individual commodities with the LDCs and that there is therefore, no point in making that task more difficult.

Mr. Blumenthal declined to comment specifically on the several trade items that have aroused international fears of a new wave of U.S. protectionism, the most recent of which was yesterday's recommendations by the International Trade Commission in favour of higher tariffs on imported colour televisions and quotas on foreign sugar.

But he did argue that "more protection is not necessarily protectionist." The "general rule," he said, could be to look for other ways to help U.S. industries affected by the competition of imports—through domestic financial assistance, voluntary agreements with individual countries to restrict imports, and, if necessary, higher tariffs, which he said were at least better than quotas.

WASHINGTON, March 15.

Advertising suit discomfits GM

By Jay Palmer

NEW YORK, March 15

THE STATE of Illinois has placed General Motors, the colossus of the U.S. car industry, in an extremely embarrassing position. Last week the State filed a lawsuit charging the company with "false advertising" and subsequently won a sympathetic court ruling ordering all GM dealers to tell customers exactly what is under the bonnet of the model they are interested in buying.

The State's move—one which is likely to be copied quickly in other areas of the U.S.—followed well-publicised complaints by a Chicago resident who had earlier attempted to arrange minor servicing of his 1977 model Oldsmobile Delta 88 with what he thought was its optional 350-cubic inch V-8 Rocket engine.

The Chicago Oldsmobile mechanic, however, discovered that neither Oldsmobile "Rocket" fan belts nor all filters would fit the engine. Under the bonnet was a 350-cubic inch V-8 engine made by GM Chevrolet and allegedly sold in those car marquees at about \$10 less than the cost of a V-8 Rocket.

The State's charge of false advertising prompted GM to deny that any customers had been cheated or misled.

Bahamas income tax fear roused by spending plan

BY NICKI KELLY

NASSAU, March 15

A ROW is brewing in the Bahamas over fears that Prime Minister Lynden Pindling's commitment to a big \$2bn. economic development programme may lead to the introduction of an income tax and therefore undermine the country's status as a tax haven.

In a recent address to the Chamber of Commerce, Mr. Donald Fleming, managing director of the Bank of Nova Scotia Trust Company, said that it was no secret that both the International Monetary Fund and the World Bank had advocated that the Bahamas introduce income tax before seeking international aid.

Mr. Fleming, who is a former governor of both institutions as well as being a former Canadian Finance Minister, said: "It would be nothing less than suicidal to frighten it off or precipitate an exodus of business as the result of introducing income tax." The Bahamas is urgently in need of many thousands of jobs requiring a massive infusion of capital, he said.

Mr. Fleming's call for an official denial has brought no response, reportedly on instructions of the Government's financial advisors, who contend that the position is already clear. "The Government is exploring other means of taxation but does not intend to introduce income tax and has said so on numerous occasions," said a source close to the Minister of Finance, Mr. lead to the introduction of an income tax and therefore undermine the country's status as a tax haven.

This is in all probability quite a large a middle class," says the Minister of Finance, Mr. lead to the introduction of an income tax and therefore undermine the country's status as a tax haven.

"We just do not have that large a middle class," says the Governor of the Central Bank, Mr. T. Baswell Donaldson, who is an ardent opponent of income tax for the Bahamas. "It is not the panacea people think it is. The Bahamas has peculiar problems which require peculiar solutions," he said.

Others in Government point out that to introduce income tax would mean abrogating long-term tax exemption agreements which the administration is counting on to spur industrial investment by both Bahamians and foreigners.

According to the Governor of the Central Bank, income tax is one of several revenue-raising measures suggested by the IMF but on plans for such a tax are in progress by the Central Bank. "Whatever taxes are introduced will be compatible with the Bahamas' position as a tax haven," he said.



SIM. FEASIBILITY STUDY

Ice-breakers may bring Canadian Arctic gas to market

BY ROBERT GIBBENS IN MONTREAL

PLANS TO move Canadian Arctic gas to eastern markets and the U.S. market using ice-breakers. Natural gas pipelines are taking shape, but the pipe project is far from a step forward.

A feasibility study is to be done by five well-known shipbuilding companies in partnership with Panarctic Oils, the owner of 26 trillion (million million) cubic feet of reserves in the Central Arctic Islands; Petro-Canada, the national oil company; and Alberta Gas Trunk Line (AGTL), owned by the Alberta government.

The five shipping companies, which together have North America's broadest experience of arctic shipping, are Canada Steamship Lines, controlled by Power Corp. of Canada, Upper Lakes Shipping, of Toronto; Genstar, of Montreal and Vancouver, controlled by the Belgian Societe Generale group; Crowley Maritime Corp. of San Francisco, and Federal Commerce and Navigation, of Montreal. They are working together in Arctic Transportation, and for the purposes of the study as Sverdrup Shipping.

The study is known as the Arctic Petro-Carriers Project (APCP). It goes hand-in-hand with another feasibility study that Petro-Canada, Panarctic Oils, AGTL, is to do on a 100,000-cubic-foot daily gas line—located at south-east Melville Island, near the Melville onshore and offshore gas fields. They have proved reserves of about 121 trillion cubic feet.

Cost of the APCP, the marine study, will probably be \$1m. or more, borne 40 per cent by the shipping companies and 60 per cent by Panarctic, Petro-Canada and AGTL. The bids are out for the LNG pilot plant study and the contract will be awarded shortly.

The marine study will cover ship and gas container technology, ice movement, Arctic terminal operations, environmental impact, economic and other aspects. The deadline is September 1, the same as for the LNG plant study.

The whole Arctic LNG system would have only one-sixteenth the capacity of a proposed polar gas 48-inch pipeline running from the same area via the Boothia gulf.

The Sverdrup gas is more than just a study "and will help of the gas to make up on the technical feasibility of getting with LNG tankers." The move via Lancaster is the Labrador coast in New Brunswick, via Trans-Canada Pipe Canadian Pacific LNG terminal, main Algerian gas for U.S.

Alternatively, could be piped 250 to the east coast islands near Free and the liquefaction terminal built there require Class Sever tankers, cheaper than Ten ships required south-east Melville round, Polar Gas in the pipeline be to prove its own technology.

It could be operating in 1982-3 at a cost of rather more than \$1bn.

Senate chrome vote

THE U.S. Senate was expected to have become convinced to follow the House of Representatives and to vote later today to repeal the Byrd Amendment, because technologies under which U.S. companies have continued legally to import Rhodanian chrome, despite UN sanctions.

Yesterday, the House voted by 290 to 146 to repeal the amendment, a move which has been strongly backed by the Carter Administration. Mr. Andrew Young, the U.S. ambassador to the UN, has argued forcefully that its repeal was necessary if Mr. Ian Smith, the Rhodesian Prime Minister, was ever to acknowledge that the U.S. means business about majority rule in Africa and the Soviet Union.

The relative ease with which the repeal is now passing through Congress, however, has more to do with the fact that several of its former opponents

U.S.-Canada Boeing

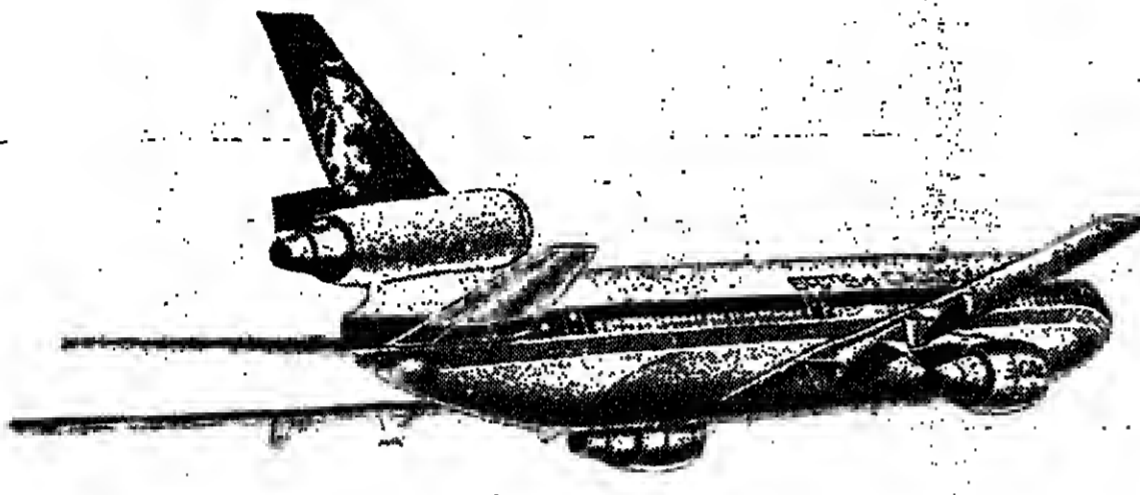
THE U.S. Justice Department has agreed to a counterpart in Canada that will result in a free exchange of information gathered by both investigatory agencies on all matters connected with Boeing's alleged pay-offs to foreign Government officials to promote the sale of its aircraft.

This agreement follows revelations that the U.S. Securities and Exchange Commission (SEC) has subpoenaed extensive sales records going back to 1966.

Avis payments claim

AVIS, the world's second largest car rental agency, and the leader in the U.S. market, has been investigated—improperly overseas \$470,958 about which it has payments—according to a detailed analysis in this morning's Wall Street Journal.

The Journal says that although a audit committee report disclosed that the company had made \$425,000 in improper payments, it refused to say to whom facilitating or otherwise ques-



Fly in space to West Africa

From March 20th when British Caledonian introduce DC-10s to their West African routes, passengers to Lagos, Kano and Accra can enjoy the luxury of flying in the extra cabin space that a wide-bodied superjet affords.

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Superjet. Super service. B.Cal DC-10's will be flying to West Africa by day six days a week from Gatwick.



Handwritten Arabic text at the bottom left.

Handwritten note: J.P. ...

OVERSEAS NEWS

Castro reported in talks with Ethiopian military regime

BY DAVID BELL IN WASHINGTON AND MARTIN DICKSON

USAN PRESIDENT Fidel Castro during the past few weeks was reported to have been in talks with the military rulers of Ethiopia during a visit to Addis Ababa which has injected a new element of Communist involvement into the extremely volatile politics of Ethiopia.

James Buxton reports on the consequences for Somalia of Soviet-Ethiopian detente Pondering a realignment with the West

THERE ARE signs of major guerrillas are now warring war changes in political alignments could fall to Mogadishu in the among the states of the Horn of Africa.

berately kept in short supply. The Soviet Union is also the main provider of petroleum products to Somalia and stocks are never high.

Military aid for Zaire from U.S.

WASHINGTON, March 15. A CHARTERED DCS jet aircraft will fly from the U.S. to Zaire to-day with military equipment for the African republic, according to Government sources here.



Slower Japanese growth in fiscal 1977 forecast

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, March 15. JAPAN WILL have a real economic growth rate of 5.1 per cent, and a visible trade surplus just under \$12 billion in the year ending on March 31, according to the Japan Economic Research Centre (JERC), one of the country's most reputable private forecast agencies.

National Airlines makes flying to the USA via Miami even more attractive.

The attractions of flying via Miami are obvious. You exchange cold, crowded New York for the warmth, blue skies and sun-kissed girls of Florida. Now you can add something else to all these attractions.

Sun King Budget Fares

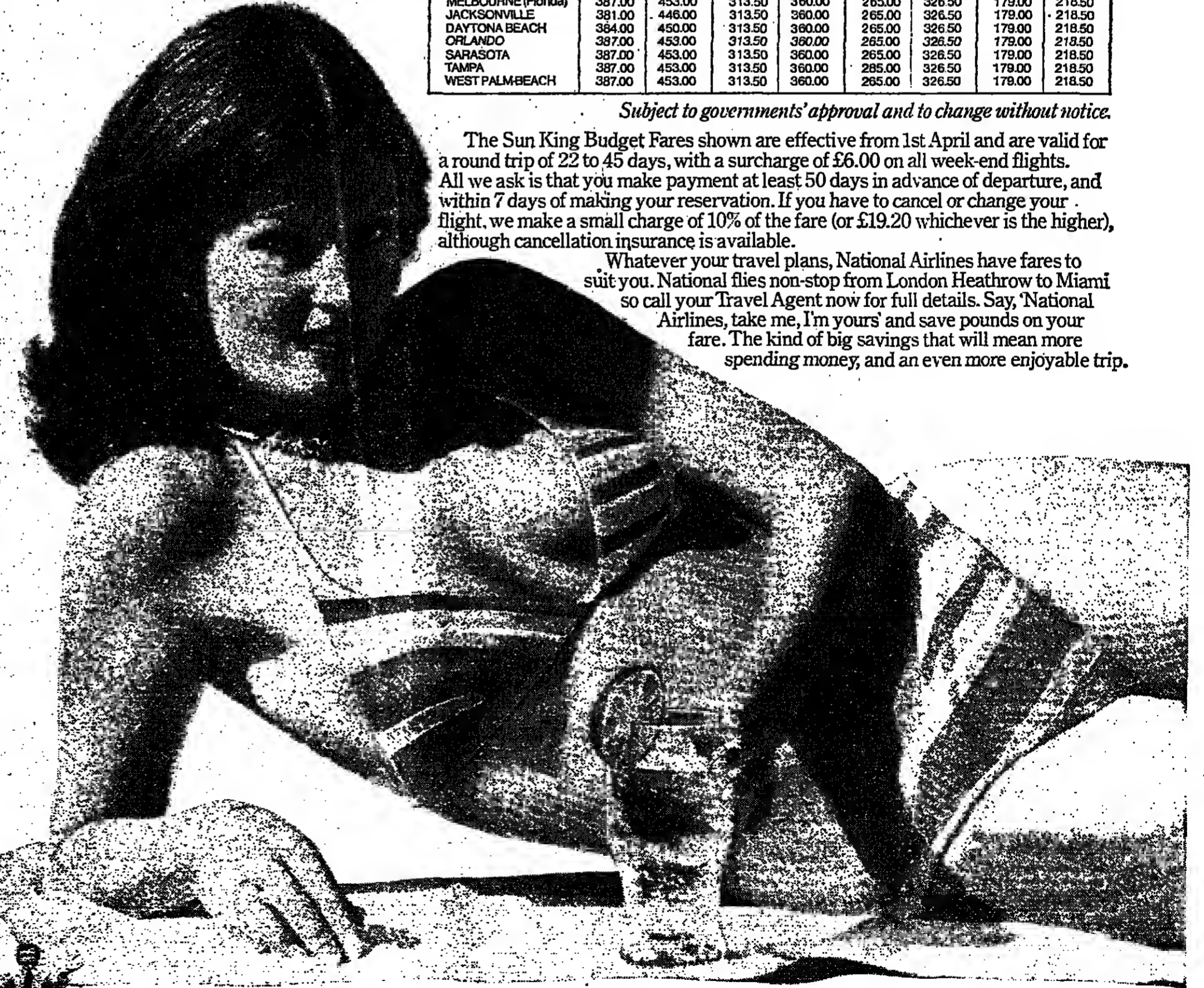
Table with columns: DESTINATION, REGULAR ECONOMY FARE, 14 TO 21 DAY EXCURSION FARE, 22 TO 45 DAY EXCURSION FARE, 22 TO 45 DAY SUN KING BUDGET FARE. Rows include London, Houston, Las Vegas, New Orleans, San Francisco, Los Angeles, Miami, Fort Lauderdale, Fort Myers, Melbourne (Florida), Jacksonville, Daytona Beach, Orlando, Sarasota, Tampa, West Palm Beach.

Arafat asks for U.S. help

CAIRO, March 15. YASSINER Liberation Organisation (PLO) chairman Yasser Arafat appealed for U.S. aid in the Palestinian struggle for a homeland.

Japan, USSR seek accord in fish quotas

TOKYO, A separate round equally difficult talks are held in Moscow simultaneously to conclude an interim agreement setting terms for future fishing operations in the Soviet Union's newly hatched 200-mile economic zone.



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Talks re-open on E. African Community

Top officials from Tanzania and Kenya met in Kisumu on the eastern shore of Lake Victoria yesterday to discuss the crisis in the East African Community which led to the closure of the Tanzanian border nearly six weeks ago.

Front-line summit

The President of the five African front-line states concluded a two-day meeting in the Mozambican port of Beira yesterday.

Red Sea talks

Leaders of four Islamic countries around the strategic southern entrance to the Red Sea will hold a summit meeting next week in North Yemen.

ON OTHER PAGES

International Company News: Fiat car chairman quits; Ericsson labour compromise 29/30; Farquhar and Raw, Market; Australian wool price pledge; EEC farm-prices protest.

WORLD TRADE NEWS

Japan hopes to negotiate with U.S. over TV exports

BY DOUGLAS RAMSEY

JAPAN WILL ask for talks with the Carter Administration on voluntary curbs of Japanese colour television exports to the U.S. the Ministry of International Trade and Industry (MITI) said today. The voluntary curbs, MITI hopes, would give President Carter the lever he needs to overturn a decision by the American International Trade Commission (ITC) yesterday whereby the 5 per cent rate of duty on incoming colour TVs would be raised to 25 per cent this year and next, be pegged at 20 per cent the following two years, and decline to 15 per cent in the fifth year of controls. One high official at the Foreign Ministry confirmed yesterday evening that Prime Minister Takeo Fukuda would now have to bring up the matter in his March 21-22 talks with President Carter in Washington. But in Tokyo, industry officials are pessimistic about the chances of having the ITC decision greatly changed. This is despite reports from Washington which suggest that one Cabinet member, Mr. William Blumenthal, the Secretary of the Treasury, wants to provide assistance to the U.S. television industry, rather than throw up new barriers to imports. Japanese industry reacted strongly to the ITC decision, uniformly calling the move a "shut-out" from the American market. Matsushita president Toshiko Yamashita called the decision "unexpectedly severe" and "much the same as a total shut-out of imports." Mr. Yamashita, whose company sells under the National Panasonic and Onasar brands in the U.S., urged President Carter to "make a fair and reasonable judgement" on the matter. Matsushita stands to be less affected than some Japanese companies from the move since it makes a large proportion of its sets at U.S. sites. The Ameri-

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Argentina in talks on oil development

BY HUGH O'SHAUGHNESSY

ARGENTINA IS negotiating to acquire British expertise in offshore oil exploration in order to develop its own offshore fields in the Tierra del Fuego region. BP has had a series of meetings with Argentine officials here and in Britain. This was announced in an interview by Dr. Guillermo Zubaran, the Argentine Energy Secretary, who also said there was no immediate likelihood of Argentina acquiring more drilling platforms. Dr. Zubaran claimed that Argentina, which currently produces nearly 99 per cent of its own oil requirements, would achieve self-sufficiency in oil within two years. In order to do this, the strategy of the Government is to encourage local private enterprise to associate itself with foreign oil companies and to reduce the importance of the State oil company, YPF. Over the past year, the workforce of YPF has been reduced from 87,000 to 47,000 and is to be further reduced to 32,000. The drive for self-sufficiency will involve the opening of several hundred oil wells. Dr. Zubaran said that, following the awarding of ser-

BUENOS AIRES, March 15.

vice contracts for exploration and exploitation of oil in the areas of the country earlier this year, Argentine and foreign companies are to be invited within the next month to submit bids for nine new areas for exploration and exploitation of oil. An initial investment by the order of \$300m, a third of which would be raised abroad. There were no plans at the moment for the exploration of the oil fields in the waters around the Falkland Islands and Dr. Zubaran said that he found estimates of the oil potential of the area—those contained in a report prepared by the British government and disclosed to Argentina and a report made by the U.S. government Geological Survey—excessively optimistic. The Argentine Government, Dr. Zubaran said, was actively seeking the \$300m. needed to finance the construction of the joint Argentine-Paraguayan hydroelectric project at a pipe-line on the Parana river. All political difficulties surrounding the project had been solved, he claimed.

Plan to cut Brazilian deficit

FRANKFURT, March 15.

BRAZIL hopes to reduce its trade deficit to around \$500m, or less this year from around \$2.1bn, in 1976 and \$3.5bn in 1975, despite a sizeable increase in its oil import bill, according to Mr. Marcos Pereira Viana, President of Brazil's National Economic Development Bank (BNDE). He said here that Brazil could expect to bring imports and exports roughly into balance in 1977 at around \$12 to \$12.5bn each, compared with imports of \$12.3bn and exports of \$10.2bn in 1976. Brazil's oil imports this year will jump to between \$3.6 and \$3.8bn, from somewhat more than \$3bn in 1976 and \$3bn in 1975. Mr. Pereira said while in Frankfurt for the signing of EMBERS' DM100m Eurobond. Brazil imports about 80 per cent of its oil needs, and oil accounts for about 40 per cent of the country's energy consumption, he said. However, favourable commodity prices, a further increase in exports of manufactured goods and a continuation of the Government's import substitution programme should ensure the trade deficit target will be accomplished, he said. Reuter

Export credit package may be expanded

BY DAVID BUCHAN

EEC Commission officials are now considering their tactics for the renewal and the possible widening of the scope of the international "gentleman's agreement" on export credit, following yesterday's approval by EEC Finance Ministers of a joint Community position. It was the partial adherence of the Community—by the U.K., France, Germany and Italy (along with the U.S., Japan and Canada)—to the so-called "gentleman's agreement" on export credits that led to a most ungenerous Community position. The next thing to do is to renew the gentleman's agreement, which was met in Puerto Rico summit and which expires in the summer. The Brussels Committee for the representation of countries in any new agreement. Ideally, as many possible would be to adhere to any new agreement. With that accord, which follows the original gentleman's agreement, the five countries have now original seven adherents. OECD is considering the ideal form of a wider adherence to credit agreement, organisation already in party on export in the future. In that OECD members to might so water down lines as to make the

Ship orders up

TOKYO, March 15.

SHIPBUILDING ORDERS received by Japanese shipyards from overseas owners in February rose sharply to 40 ships, totalling 331,750 gross tons, from 20 totalling 256,100 tons in January and 31 totalling 382,290 tons in February last year, the Japan Ship Exporters Association said. The February total comprised 21 freighters and 19 bulk carriers. The Association reported that February exports were boosted by an order for nine vessels totalling about 150,000 tons from Poland. There was also a rise in orders from other Communist bloc nations and developing countries.

BRAZILIAN INDUSTRY

State backs petrochemicals

BY DAVID WHITE IN RIO DE JANEIRO

THE FIRST big plant order is due to be placed soon for a \$1bn. where petrochemicals will soon emerge as the main industry. It had three reasons for doing so. Local demand is high, with a fifth of the domestic market located in the south and 10 per cent in the one State of Rio Grande do Sul. Naptha, the basic raw material, can be supplied from a nearby Petrobras refinery at Camaçari. Lastly, the level of labour skills in the region, where nearly everyone is literate, is higher than in most other areas. The project is of key local importance in a state which has been a focus of political opposition, despite the relatively lightened record of its government. The new pole will create 40,000 direct jobs and will turn Rio Grande do Sul, a traditional cattle and cereal-farming region where almost all the useable land is already under cultivation. Petrobras, a subsidiary of the state-owned oil group, will set up eight years ago, will take part as a minority shareholder in joint ventures, a role which Petrobras itself is debarring by law from playing. The Salvador development, sited near Brazil's oldest oil and gas fields, is due to go on stream next year, and the Porto Alegre project, on a realistic estimate, in 1982 or 1983. Total investment in petrochemicals over the next nine or ten years will be something over \$2bn., and the Brazilians are hoping that it will turn the country into a net exporter. Brazil's consumption of basic petrochemical products has been increasing by 15 per cent a year. Local production, now around 2m. tonnes, is scheduled to double by 1980, but ethylene output is likely still to be about 250,000 tonnes short of the country's needs. The Federal Government opted in 1975 to build its third pole, in 1975 to build its third pole, including a 300,000 tonne ethy-

lene plant, in the extreme south. There are also environmental problems to be solved, both in Porto Alegre and the Brazilian petrochemical industry has experienced pollution nightmares in recent years—the former when a Boragard pulp factory blew evil-smelling fumes over the city, and the latter when a Petroquima plant in Salvador began spilling mercury waste in the bay, used by the city's biggest fish market. The raw material centre in Rio Grande do Sul is intended to become a state-owned venture by Petroquima and another government agency, Phase Two. low-density polyethylene units, costing \$2m, are planned, with National Distillers and Sumitomo holding minority stakes with Petroquima and private interests, while Hoechst is taking the foreign stake in a \$70m. high-density polyethylene plant. Two other projects which have been virtually finalised are a \$100m. PVC plant with Formosa Plastic and Brazilian shareholders including an army fund, Montepio da Família Militar, and a \$50m. synthetic rubber factory, which is an all-Brazilian venture involving an associate of Petroquima, Fabor, and local groups. Polystyrene and polypropylene plants, to cost \$90m. apiece, are still under negotiation. Montedison of Italy, Hercules of the U.S., Solvay of Belgium and a Royal Dutch/Shell subsidiary are competing for the first. Dow Chemical, Monsanto and Brazilian companies are for the second. A study of openings for consumer goods manufacturers, of which there are about 200 in the plastics sector in Brazil, is due to be completed by October. The big problem with the new Porto Alegre venture is that it depends on oil, and since none has been found in the offshore areas of Rio Grande do Sul, this is currently imported.

The Salvador pole and a smaller enterprise further north at Laranjeiras, in Sergipe state, are geared to local natural gas production, and a project for ammonia and urea, raw materials for fertilisers, was moved from Sao Paulo state to Macaé in Rio de Janeiro for the same reason. Chemical industries in Sergipe and nearby Alagoas are being set up on the basis of rocks and potash deposits, and there is talk about using sugar-cane alcohol—which the Government is trying to develop as a petrol substitute—as a source of ethylene. Some of Brazil's first petrochemical ventures, such as Union Carbide's PVC plant in Rio Grande do Sul, which may start production ahead of schedule, and from a Dow Chemical chloride venture in Salvador, separate from the Camaçari complex. But it is doubtful whether current plans will be enough to cope with the rising demand. The possibility of a fourth major petrochemical pole—aside from the "semi-poles" of Rio de Janeiro and Alagoas—has been raised, but it seems more probable that the Government will opt to expand present facilities instead. Petrochemical poles have turned out to be expensive ventures, capital-intensive rather than labour-intensive, and much of the investment has to be put up by the state. Whether or not this corresponds with political strategy, a big shareholding commitment by the state has become a prerequisite for foreign chemical companies to take part in investments on this scale.

EEC softens MFA line

BY DAVID EGLI

GENEVA. AWARE THAT it would be more or less isolated in calling for extensive changes in the Multi-Fibre Arrangement, the EEC Community, despite internal dissensions, appears to have opted for a more satisfactory interpretation of the agreement as it stands. This stance, it is felt here, will have a much better chance of a sympathetic hearing to-morrow in the meeting of the GATT Textile Committee, than if the Community were to adopt a harder line promoted essentially by Britain and France and call for a renegotiation of the arrangement which expires at the end of this year. The Community, along with most of the other participating countries, agrees that it would be too disruptive to call for both exporters to contemplate the of the MFA at the year. But the point by other countries attempt to force a now could jeopardise aspects of leaving any in the future. The Community of evidence, that the M dueced "perverse" results with regard penetration. Indeed that where the gro consumption is less able future of impor under the arrangements been in Europe in t ary period, "it could extinction of come tion in a very few y

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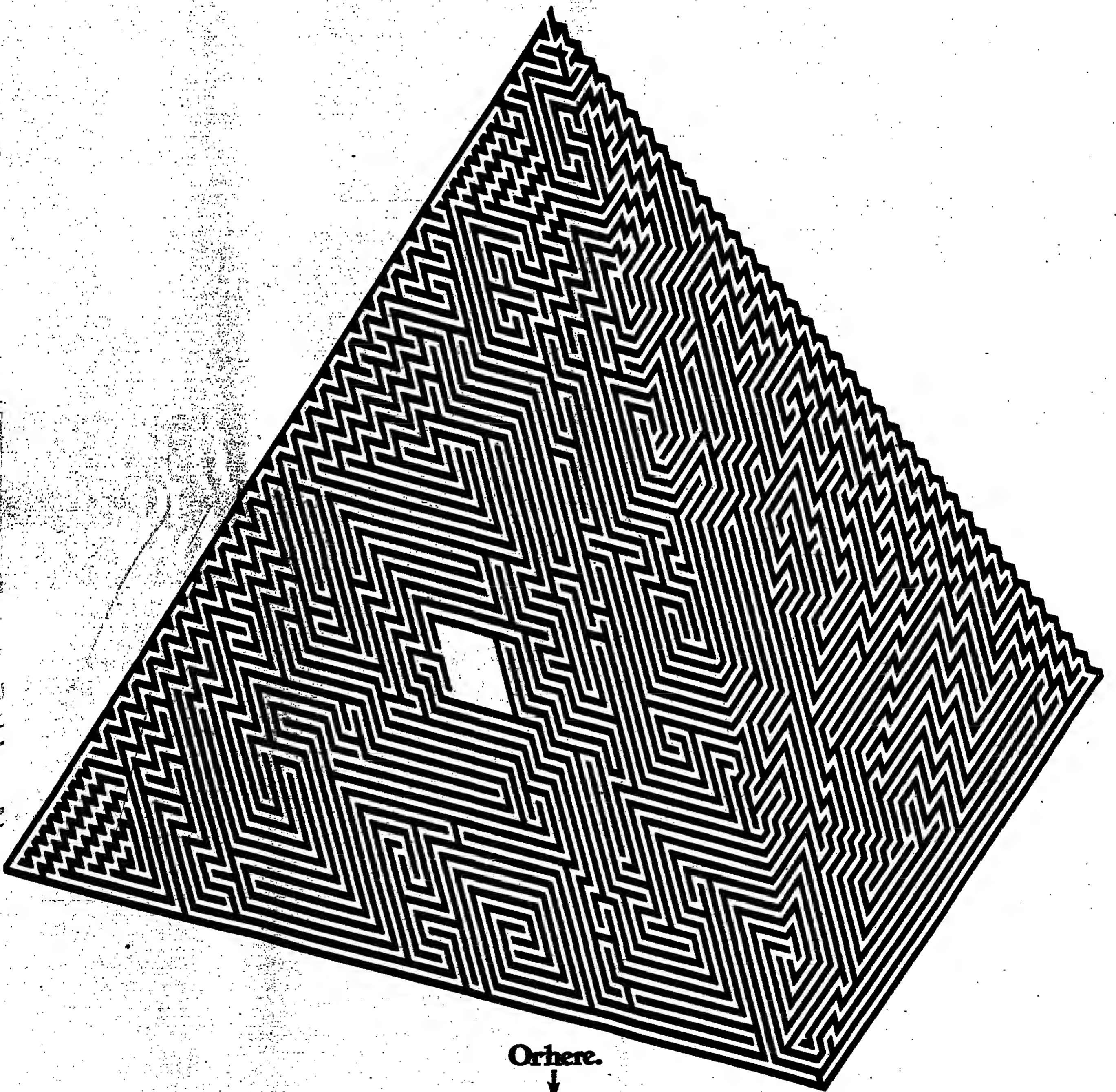
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HOME NEWS

Lockheed offers Britain share in new TriStars

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

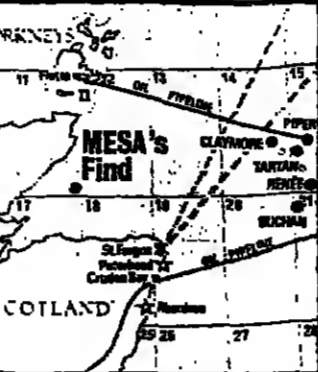
LOCKHEED AIRCRAFT Corporation of California is offering the U.K. aerospace industry a major share of the work on new versions of the TriStar...

medium range market may account for about 1,000 aircraft. Of this, Lockheed feels it could perhaps win orders for up to about 300 aircraft...

Mesa's field may develop fast

By Ray Dafter, Energy Correspondent

MESA PETROLEUM's North Sea oil discovery is likely to become one of the most speedily developed fields in the North Sea.



Not ripe for reference

BY GEORGET OWEN

ON THE BASIS of past precedents, the Lomro bid for Dunford and Elliott, the Sheffield special steel company, seemed almost certain to be referred to the Monopolies Commission.

Overrulings

In deciding not to refer the Lomro bid the Government may have been influenced by Dunford and Elliott's financial problems, but there has never been any suggestion that these called for an immediate rescue.

There have been several decisions in the past where the Government, advised by the Office of Fair Trading, has felt that a conglomerate merger might have damaging effects on management and hence on efficient utilisation of resources.

'Sword' fears

In the annex to its report on the Rank-De La Rue merger in 1969, the Commission said that conglomerate mergers could have several effects, in replacing management with good or in providing additional finance for the acquired company so that it could grow faster.

Table with 2 columns: Companies and Outcome. Lists various conglomerate mergers and their status (contested or agreed).

Chrysler well placed for £2.75m. contract

By Arthur Smith, Midlands Correspondent

CHRYSLER U.K. is near to winning an order worth £2.75m. from the Post Office which will make an important contribution towards the recovery of its troubled commercial vehicle section.

Court postponement sets back Concorde

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

CONCORDE'S CHANCES of eventually winning rights to land at New York's Kennedy Airport appear to have been set back considerably by the decision late on Monday to postpone the court hearing on the issue.

The airlines, therefore, must rest their case on a tougher presentation of existing data to counter what is understood to be a hostile report on Concorde's noise prepared independently some time ago for the Port Authority by private consultants in the U.S.

Dry well

The decision will be taken on information from the first three wells. Mesa confirmed that its fourth well, about four miles south-west of the first, is a dry well.

Offshore plan

Participants in the licence, including the P & O shipping group, are thought to be considering installation of an offshore loading terminal, rather than a pipeline to the shore.

Plan to cut tax relief 'lunacy'

By Michael Cassell, Building Correspondent

LABOUR PARTY proposals to cut mortgage tax relief were attacked by Sir Geoffrey Howe, Opposition spokesman on Treasury and Economic Affairs, in London yesterday.

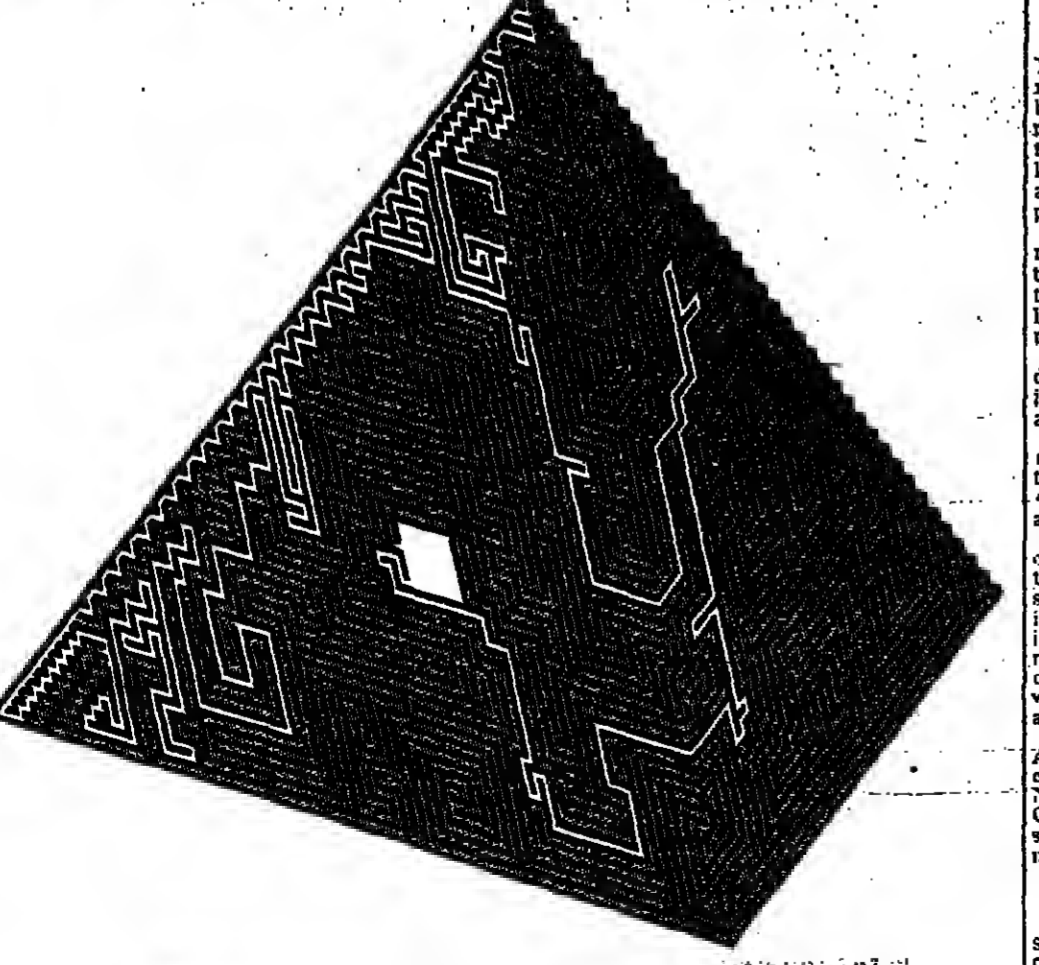
Fall in world tonnage of new ships is first for 16 years

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE SLIDE into recession of world shipbuilding started in earnest last year when the total tonnage of ships completed fell for the first time since 1961.

Increases of more than 100 per cent were recorded in the output of Soviet Union and Russia's completion of 220,212 grt to 615,711 grt will give fresh strength to arguments of West shipowners that the shipbuilding industry of the Soviet Union poses a serious challenge to maritime nations.

The way out of the maze.



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SNOW REPORTS

Table with 2 columns: Location and Snow Report. Lists snow conditions in various regions like Derbyshire, Lancashire, and Scotland.

Researching man in the suit

BY RHYS DAVID, TEXTILES CORRESPONDENT

AN INCREASE in the research projects being supported by the Government and Allied Industries Research Council is reported by Wira, the Leeds-based research organisation, in its 1976 statement.

Researching man in the suit

with information on techniques and required to increase Wira believes it to lead in development of garments. It is not surprising that the leading U.K. suit manufacturer, Wira, is now producing a range of garments which dispense with the traditional seam.

ULSTER BUSINESSMEN UNDER ATTACK

Morale the real target

BY OUR BELFAST CORRESPONDENT

THE PROVISIONAL IRA renewed its campaign against businessmen in the locally recruited security forces early this year in the certain knowledge that its tactics would have a disproportionate effect on public morale in Ulster.

The Business Support Kit

Advertisement for 'The Business Support Kit' from Ladbroke Hotels, featuring a key graphic and text about business travel services.

Hundred deaths

One hundred policemen have died in Ulster and no one expects the Provos to stop there. In addition, three other fatalities were members of the locally recruited Ulster Defence Regiment.

Propaganda

The terrorists, through their violent attacks and their propaganda, seek to deter the police from doing their duty and to destroy the morale and standing of the police, so as to make them ineffective. They will not succeed.

Overshadowed

With terrifying regularity, subsequent good news has been overshadowed by mere murders and numerous attacks on small businessmen and shopkeepers, both at work and in their homes.

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LABOUR NEWS

Furniture girls win record pay rises up to 133%

OUR LABOUR STAFF
The girl clerks, members of the Association of Scientific, Technical, and Managerial Workers, were able to use the 1946 resolution...

CAS decision cowardly, says white-collar union

OUR LABOUR STAFF
CRITICISM of the unions has already involved the High Court. Insurance members in ASTMS are likely to have their position...

Business
An ACAS survey of 2,783 staff company found that 53 per cent preferred sole representation by ASTMS...

FINANCIAL TIMES SURVEY

Calculators

APRIL 15 1977

The Financial Times proposes to publish a survey on Calculators in the edition of April 15 1977. It will examine the problems arising in an expanding market...

INTRODUCTION: An analysis of problems facing market leaders in both hand-held and desk top calculators.

CUSTOMERS ARE MORE DEMANDING: The consequences for makers and vendors as consumers become more critical and demand more service and value for money.

EUROPE—BETWEEN THE FAR EAST AND THE U.S.: Without the Far East there would have been no calculator revolution. Now that costs in the Far East have risen sharply...

DESIGN FOR THE AVERAGE USER: Too many machines have gimmicks that the majority of buyers do not need. But makers are often tempted to add the extra keys...

A SCHOLASTIC HEADACHE: Is it really true that "every child can afford a calculator?" Should calculators be taken, as a matter of course, to schools and examinations?

TAKING A PROBLEM-SOLVER HOME: Facilities available on a group of top hand-held calculators, initially intended for scientific work, are now being used for various business problems.

THE DIVIDING LINE HAD DISAPPEARED: Many desk top calculators now incorporate tiny computers, so that desk top machines can do most of, if not all, the same jobs, as a small office computer.

PERIPHERALS FOR SPECIAL USES: Like the small computer, the powerful desk-top calculators can drive a whole group of peripherals from disc memories to graph plotters.

The proposed publication date is April 15, copy date is April 8 1977. For further details of the contents and advertising rates contact Robert Arrell (01) 243 8000, Ext. 520, Financial Times, Bracken House, 10, Cannon Street, London EC4A 3DF. Telex 855033.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Content and publication date of Financial Times are subject to change at the discretion of the Editor.

Chrysler Linwood likely to resume work to-day

BY OUR SCOTTISH CORRESPONDENT IN GLASGOW
PRODUCTION at Chrysler's Linwood car plant is expected to resume to-day for the first time in eight days after the surprise settlement yesterday of the official strike of 480 body plant workers.

GMWU attacks TV programme

A BBC television programme was accused yesterday by the General and Municipal Workers' Union of "glossing over" alleged abuses in the drug industry.

Appeal over court ruling on strike

By David Churchill, Labour Staff
AN IMPORTANT appeal against a court ruling prohibiting strike action by some local government workers is to be lodged by the National and Local Government Officers Association.

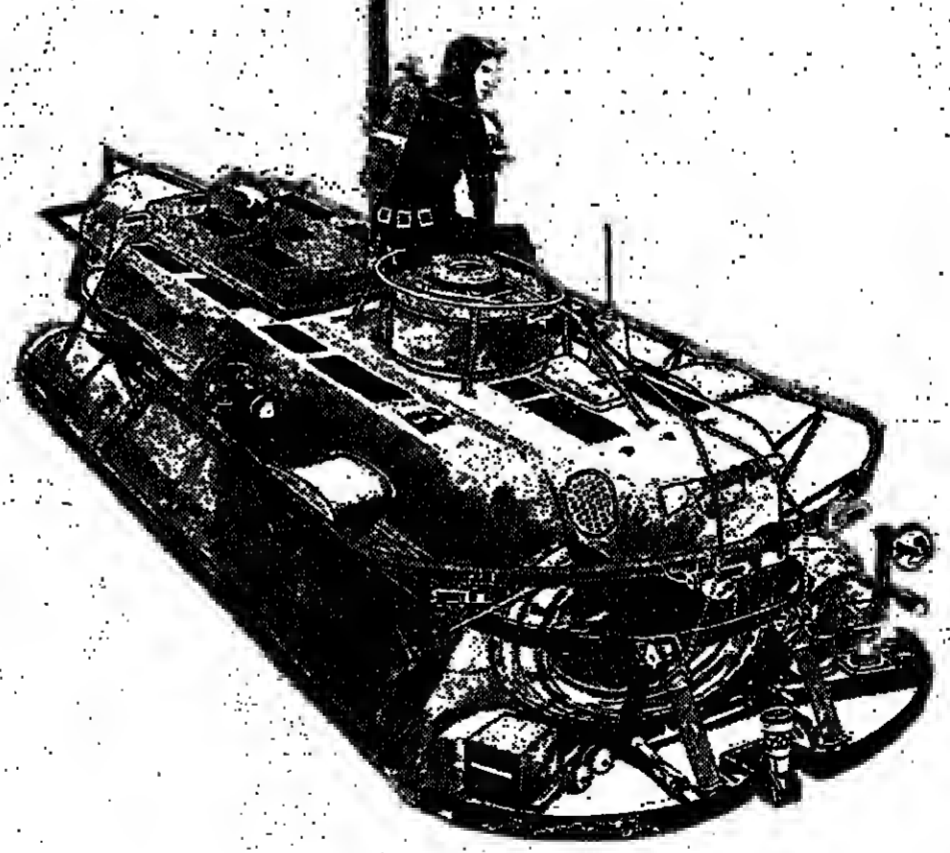
Leyland and unions warn toolmakers

BRITISH LEYLAND'S statement yesterday announcing the reopening of its factories said: "There is now very little time left for Leyland Cars to return to normal working and thus avoid one of the situations which would lead to a drastic review of the Leyland Cars plan."

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Back to work call supported by Callaghan

BRITISH LEYLAND'S expansion plans for this year would now have to be reviewed whatever happened in the car industry strike, Mr. James Callaghan told the Commons yesterday. "How drastic it will be will depend on the speed with which the men return to work," he said. The Prime Minister strongly endorsed the ultimatum to the toolmakers delivered earlier by British Leyland and the Confederation of Shipbuilding and Engineering Unions. Mr. Hugh Scanlon, the engineering leader, said his colleagues deserved the full support of the Commons. Mr. Callaghan's statement warning the toolmakers that if they did not return to work by Monday they would be regarded as having discharged themselves was "unprecedented". The Government supported the joint statement and its attitude to the strikers, the company would depend on the response to it. "In this very serious situation, the Government will have to review the future of British Leyland in the light of the way the situation develops. What I intend to do is to see that the British Leyland plan for 1977 will be needed," he said. Replying to Mr. Charles Morrison (Con. Devizes), Mr. Callaghan said that a fall in the volume of exports last month had been due to some extent to the position in the car industry. But amid Tory protests, he insisted: "The trade unions have done a remarkable job here." Mr. Donald Stewart, the Scottish Nationalist leader, asked what justification there was for trade unions to accept further pay restraint when the Government had failed to curb price rises. The Prime Minister, hammering the Despatch Box with his fist, insisted that another period of restraint was vital. Last autumn's decline in sterling had resulted in higher food and commodity prices, he said. "But we are now beginning to see the end of that. It will work its way through by mid-year, according to our forecasts." The rate of inflation should diminish "rapidly and substantially" after that. "If we can get another wage round, it will be well worthwhile to stick to it rather than having a free-for-all and see inflation roaring away again." Mr. Callaghan forcefully asserted: "We have a real chance in the next 12 months and I intend to fight as hard as I can against the Opposition or anyone else to get this country through."

Clash over gas price proposals

MR. JAMES CALLAGHAN caused confusion in the Commons yesterday by apparently changing his mind on a vote on the proposed increase in gas prices. In angry clashes with Mrs. Margaret Thatcher, the Prime Minister said: "We have brought this to the House and we shall ask for its confirmation or what we are doing." "If the House refuses that confirmation, it will be destroying the economic progress we have made," he said. But it was later explained that the Prime Minister had not implied that there would be a separate vote on the Government's price rise, which does not require Commons approval. He had merely been insisting that the Government would have an opportunity to level much longer. Mr. Gwynedd Roberts (Lab.) debated the issue and voted on it. He argued that many of the people with large mortgages were greatly concerned with increases in school meals and other charges which were caused by a result of Government policy. Mr. Callaghan said that he had raised gas prices while at the same time, signing the import agreement of maintaining pay restraint in the right direction and industrial production rising. "There is no breach," Mr. Callaghan retorted. The Chancellor had announced the increase last December, and the Opposition had not questioned it then. This is a way in which the gas industry can pay its way, unlike what happened under the Tories," he said. The proceeds of the £100m would be used for the benefit of gas consumers. Mrs. Thatcher demanded: "If the Price Code has not been breached, why is the increase not allowed under the code?" The Prime Minister replied: "It is not allowed under the Price Code within the rules laid down." It was easy for the Opposition to pick out any single item, he said. But the Government's economic policy stood as a whole and would bring the country through to success. Mr. Reginald Eyre, from the Tory backbenchers, protested that the increase would amount to an extra tax on gas users. Mr. Callaghan replied that the Government's policy should be looked at with other measures that had been taken. These had already restored confidence in the country and the balance of payments moving in the right direction and industrial production rising.

Prime time for Europe

IT IS A big day for Europe tends to mean they resist the biggest aberrations from Brussels. It is one of those occasions when prime pressure to shut items off to a permanent Standing Committee. In practice, of course, this has been allotted to EEC of the Commons, but this makes account to a demand for greater national sovereignty. The traffic jam in fact occurs in the offices of Mr. Michael Foot, Leader of the House, who is in charge of Government business in the Commons. His main job is to ensure that Parliament has lost no time. Like its predecessors, this Labour Government is trying to force a mass of legislation through Parliament. Like them, it has got into an unenviable habit. But the demise of devolution has opened up unexpected empty vistas ahead, which EEC debates could help fill. Things, though, are not quite so simple. First, there is the understandable unpopularity of such debates among MPs. Not only are they too short for many backbenchers to have a worthwhile say, but most of those with specialist knowledge in the area contribute to them as mere forums for anti-Marketiers to fight old and tedious battles. Secondly, pressures from individual Departments play a big role. Most civil servants who have worked out a brief for their Ministers to defend in Brussels are loth to have busybody MPs interfere and prefer delay until the last possible moment when Parliament has no choice but to let legislation through unscathed. Then there is the position of the Foreign Office, notoriously pro-European, as the co-ordinating department for EEC matters. Few Ministers bother to use the process of Parliamentary consultation to strengthen their own hands in Brussels bargaining. Mr. John Silkin is one, but he hardly needed a Parliamentary committee to tell him that. He is like the Common Agricultural Policy and that he should oppose further price rises or any tinkering with the green pound. The different approaches by pro and anti-Market MPs are reflected in their suggestions for improvements. Bryan Gould, for example, would ideally like to see a committee to be given a veto over planned EEC legislation. This suggestion he says is somewhat disingenuous, would be used rarely, its very existence would act as a deterrent to law. That's sovereignty for you.

Growth in world trade must be aim, PM says

A "PRETTY" rapid growth in the industrial world should be the aim of forthcoming multilateral trade negotiations, the Prime Minister insisted in the Commons yesterday. Reporting on his talks in Washington and Ottawa, he warned that a return to general protectionism would be the "wrong road" for everyone. Mr. Callaghan told MPs that President Carter had agreed that general protectionism could only delay the world's emergence from the present economic recession. Underlining the need to correct the distorted image of Britain being mirrored abroad, the PM won approval from Mrs. Margaret Thatcher, Opposition leader, for the renewed emphasis being placed on the "special relationship" between Britain and the United States. He said he had advanced the view to President Carter that the U.S. as the largest trading nation, was unable to resist pressure for protectionism at home, this would not only slow down progress in the multilateral trade negotiations but would encourage the need to tackle this problem. Mr. Callaghan said: "I suggested that these imbalances, particularly as they affect less developed countries, call for an expansion of the official facilities for financing balance of payments deficits. This is an area in which I look for major advances in the period ahead." Mr. Callaghan disclosed that during his talks in Ottawa, Prime Minister Trudeau had also agreed that this was a problem which should be examined as a matter of urgency. Complaining about the "appalling picture" which was presented of Britain abroad, the Prime Minister condemned the way in which the nation's problems were presented in headline terms. He was also critical of some of the views expressed by Mrs. Thatcher during her visit abroad. He recalled, with approval, the practice of Winston Churchill to "attack the Government relentlessly at home and defend it abroad."

Tories denounce Owen failure to include Rhodesia in tour

FAILURE to include Rhodesia in the itinerary of Dr. David Owen, Foreign and Commonwealth Secretary, was strongly criticised by Conservative MPs in the Commons yesterday. But the Prime Minister while stating that the final decision would be left to the Foreign Secretary himself, emphasised his view that it would not be fitting for a British Minister to visit Salisbury at the present stage. When Tory backbenchers chorused: "Why not?" Mr. Callaghan answered: "Because the territory is still a colony of this country constitutionally and it is in rebellion." He added that if Mr. Smith wished to make arrangements to visit the Foreign Secretary, he was sure that it would be possible.

Empty homes Bill introduced

A BILL to encourage the short-term letting of empty homes while giving landlords powers to regain possession, was given its formal first reading in the Commons yesterday. Mr. Brandon Rhys Williams (C. Kensington), who introduced the Bill under the 10 minute rule, stressed it could be particularly valuable in areas where many houses stood empty despite the growing problem of homelessness. It could also alleviate the problem of squatters as many were willing to enter into a short-term lease and pay a fair rent for a property. At present, landlords were undoubtedly afraid of letting their houses for a year, or a couple of years. But if they could be sure they could get the house back without too much difficulty, this attitude would change, he said.

Aircraft and ships Bill now ready for Royal Assent

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT.

THE BITTER two year struggle over the Government's Bill to nationalise aircraft and shipbuilding came to a close in the Commons yesterday, when the legislation went through its final stages following a debate lasting only 20 minutes. After a troubled history spanning three sessions of Parliament, the controversial measure—the Aircraft and Shipbuilding Industries Bill—is now due for Royal Assent tomorrow. The Lords amendments which remove the 12 ship repairing companies from the legislation were approved by MPs yesterday without a vote. The exclusion of the companies was forced on the Government by the decision of the Lords examiners that the Bill was hybrid and discriminated against individual companies. Had the Government decided to retain ship repairing, it would have meant further delays while Bristol Channel Ship Repairers, the leading opponent of nationalisation, put its case against the Bill under the hybridity procedure. Yesterday's debate was shortened by the fact that MPs had to keep their remarks strictly pertinent to the Lords amendments. Conservative attempts to argue that the ship repairing side of Vospers Thornycroft should be excluded from the Bill were ruled out of order.

Two choices

Mr. Stan Thorne (Lab. Preston S.) suggested that the Government should take a tough line with any ship repairing company which came forward in future with a request for Government assistance. But he, too, warned that he could not develop this theme. Mr. Norman Lamont, a Tory spokesman on industry, emphasised that his party was still strongly opposed to the nationalisation of the two industries. "Few measures have got in such a mess as this particular forward to ask for assistance they should be told that the Government was re-considering its whole approach to providing public funds for them, particularly to firms that had indicated their opposition to public ownership." "In fact, the House of Lords is the one institution which has emerged from this story with considerable credit," he said. This was not just a diverting Parliamentary ploy. It was an important matter of principle and practice. "It was quite wrong of the Government to try to use its slim majority to sweep aside procedures long established to protect the liberties of the individual," Mr. Lamont declared. Mr. Thorne urged that if the ship repairing companies came forward to ask for assistance they should be told that the Government was re-considering its whole approach to providing public funds for them, particularly to firms that had indicated their opposition to public ownership.

School meals go ahead

DEPARTMENT of Education will resist pressure from school MPs to drop its plan to increase the price of school meals to 25p in the autumn. Margaret Jackson, Education Secretary, said that the Department was cost about increases, the cost of a year's substantially, and insisted that its would have an opportunity to level much longer. Mr. Gwynedd Roberts (Lab.) argued that many of the people with large mortgages were greatly concerned with increases in school meals and other charges which were caused by a result of Government policy. Mr. Callaghan said that he had raised gas prices while at the same time, signing the import agreement of maintaining pay restraint in the right direction and industrial production rising. "There is no breach," Mr. Callaghan retorted. The Chancellor had announced the increase last December, and the Opposition had not questioned it then. This is a way in which the gas industry can pay its way, unlike what happened under the Tories," he said. The proceeds of the £100m would be used for the benefit of gas consumers. Mrs. Thatcher demanded: "If the Price Code has not been breached, why is the increase not allowed under the code?" The Prime Minister replied: "It is not allowed under the Price Code within the rules laid down." It was easy for the Opposition to pick out any single item, he said. But the Government's economic policy stood as a whole and would bring the country through to success. Mr. Reginald Eyre, from the Tory backbenchers, protested that the increase would amount to an extra tax on gas users. Mr. Callaghan replied that the Government's policy should be looked at with other measures that had been taken. These had already restored confidence in the country and the balance of payments moving in the right direction and industrial production rising.

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FINANCIAL TIMES SURVEY

Wednesday March 16 1977

JP 16/3/77

Aquitaine



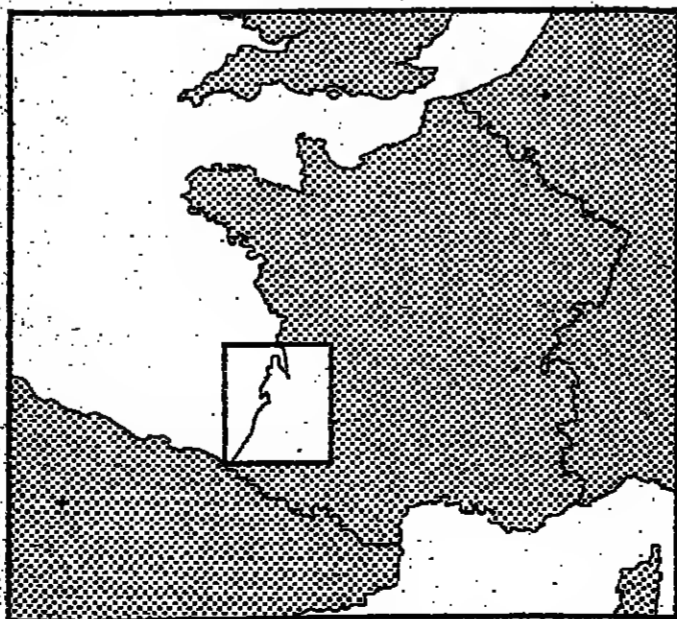
Invest in a profitable partnership with nature.

Aquitaine, the only remaining resort of its size in Europe is being developed — most carefully! It offers a unique opportunity for anyone seeking a long term investment in the European holiday and leisure market.

A sunshine coast from Medoc down to Spain.

The sea, the forest, the lakes and the glorious sun — the wild unspoilt beauty and deep-rooted cultural heritage of the area; these make the coast of Aquitaine the ideal place for the development of the kind of active holiday making which has proved by its growth to be the springboard for future tourist expansion.

The Commission appointed to oversee development of the area is well aware of dangers of uncontrolled tourism, not least



the destruction of the very environment which the holidaymakers seek. Their plans guarantee Aquitaine will remain Aquitaine — for tourists and local people alike.

A ready-made market.

Important towns, like Bordeaux, Mont de Marsan, Pau, as well as Toulouse, offer a large nearby urban market with a taste for the great outdoors. And thanks to easy cross-Channel services and excellent French roads, Aquitaine is quickly accessible from England, other parts of France, Germany and Western Europe.

The area has seen an increase in tourism of some 7% in the recent past — more than most other parts of Europe.

The future assured.

In all, twelve zones have been chosen for phased development. When completed, they will make Aquitaine the most all-embracing holiday area in Europe. By the time the target of 575,000 beds has been reached, Aquitaine

will be established as not merely one of the most popular holiday areas but certainly as one of the most enlightened.

All who are concerned with the future interests of European tourism and the planned development of a profitable investment in an area of high potential are invited to telephone or write for further details to: Oliver Trenner,

Aquitaine Coast Development Commission

178 Piccadilly, London W1V 0AL.
Telephone: 01-499 6889.



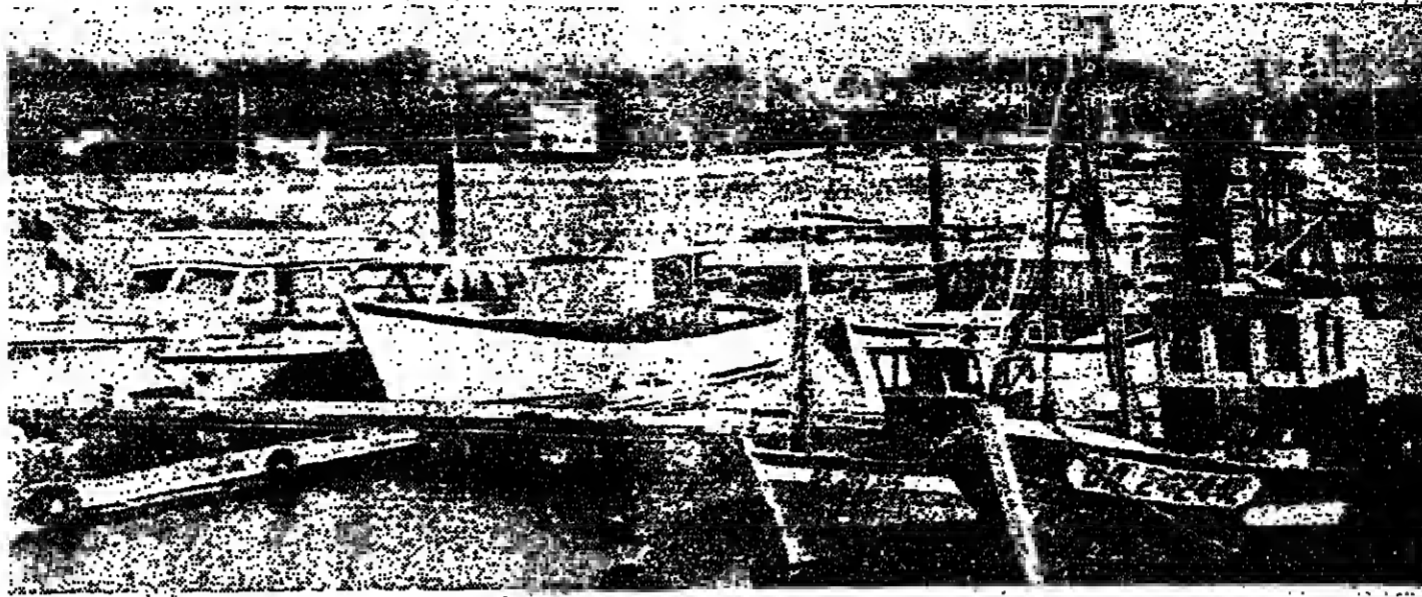
AQUITAINE II

Jerked suddenly from the sleep of centuries by the discovery of the big natural gas field at Lacq, Aquitaine was adjusting nicely to the industrial world when recession bit. Now the region is finding difficulty in restoring economic balance and regaining momentum. There are also environment problems for this beautiful part of France.

Search for balanced growth

THE "GARDEN of Aquitaine," as it likes to be called because of the beauty of its landscape, is undoubtedly one of the most agreeable regions in France. Embracing five south-western départements — the Gironde, Landes, Dordogne, Lot et Garonne and Pyrenees Atlantiques — it offers a scenic, ethnic and, not least, culinary variety second to none. Whether they live in the rolling parkland and dramatic gorges of the Dordogne, in the endless pine forests of the Landes, the Medoc vineyards or the majestic Pyrenees, whether they are of Gascon or Basque stock or whether their cuisine is prepared with butter, goose fat or oil, the people of this region have a real sense of the quality of life.

Yet inevitably the 20th century has caught up with Aquitaine, which slept away the first 50 years in bucolic bliss, dreaming of the past glories of Bordeaux. The first impulse was given by the rapid post-war economic expansion of France, the need to halt the exodus of an underemployed population from Aquitaine and the discovery of a rich natural gas field at Lacq, North America. Including the In the middle 1950s a modern chemical complex was created around Lacq, followed in 1959 by the decentralisation of the country's aircraft industry, which has turned Aquitaine into the second most important region for this sector, the home of Dassault-Breguet, the manu-



The harbour at Capbreton.

facturers of the world-famous Mirage combat plane. Turbo-jets, the aero-engine producers, and the missile testing centre in the Landes. A second wave of industrialisation in 1955 brought in manufacturers of electrical components such as Siemens, IBM and TRW of the U.S., Thomson-CSF and, finally, Ford, which huilt its first automatic gearbox factory for the whole range of models on the outskirts of Bordeaux in 1973, followed by another plant last year which makes gear-boxes for the new Fiesta.

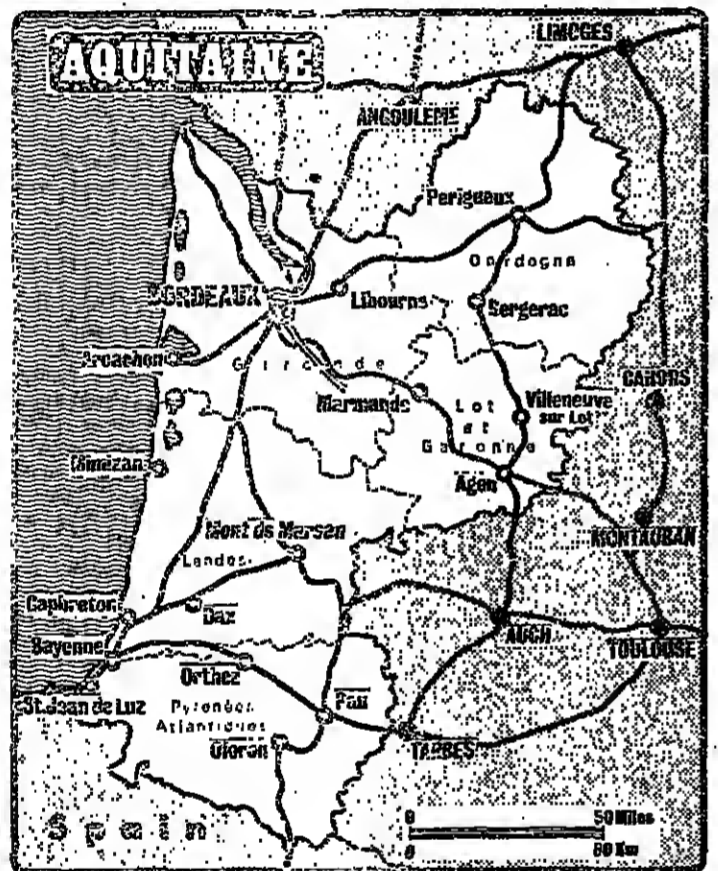
Since 1973, when the first Ford factory was inaugurated, it has already produced more than 1m. automatic gear-boxes and, what is more, exported 85 per cent. of its production to North America. Including the new Fiesta gear-box factory, Ford has invested some Frs.1bn. in its operations at Blanquefort in its operations at Blanquefort and employs nearly 4,000 people. Altogether it now accounts for as much as 15 per cent. of the region's exports. Unfortunately for Aquitaine, however, it cannot live by Ford

alone any more than it can by wine and agriculture alone. But the region's great industrial leap forward was nipped in the bud by the 1973-oil crisis and the subsequent world recession. One of the first victims was the "Plan Chimie," which was drawn up in 1970 with the aim of developing oil refineries along the Gironde estuary, together with an associated petrochemical industry. The quadrupling of oil prices, however, slowed down oil imports into Aquitaine and plans for the construction of a fourth refinery on the estuary have been postponed. Worst of all, Dow Chemicals of the U.S., which it was steadily hoped would build a steam-cracker at Le Verdon, the industrial zone around the new oil terminal and container port at the mouth of the Gironde, abandoned the project two years ago. World economic conditions had become unfavourable and Dow was also faced with a mounting chorus of ecological protest.

Altogether, Aquitaine remains under-industrialised and unable to create enough jobs to absorb those seeking employment. Indeed the rate of unemployment is currently substantially higher than the national average. Even after all the efforts that have been made, the active industrial working population represents only 22 per cent. of the total active population in Aquitaine, compared with 29 per cent. for France as a whole. In addition, the traditional industries in the region such as wood, furniture, leather and shoes still employ much too high a proportion of the total labour force for the economic good of Aquitaine. They have been declining for many years now

and are particularly sensitive to economic recessions. This partially explains the fact that while 18,000 new industrial jobs were created in the region within seven years from 1968, some 8,500 were lost again in the year 1975 alone. The situation in the agricultural sector, meanwhile, has been even more disquieting. During the same seven-year period, the number of agricultural workers dropped alarmingly from 235,000 to 157,000, a decline of about 5.6 per cent. per year. No doubt much of the fall can be attributed to an earlier retirement age, but the exodus from the land is still out of all proportion to the alternative jobs available in industry or even the services sector.

date oil tankers of 250,000 dwt. It boasts a modern container terminal, berths and ramps for roll-on/roll-off vessels and is open 24 hours a day for seven days a week. Six shipping lines already make regular use of the port, which came into operation only last year, and provides container services between Le Verdon and the U.S., Canada, Australia, West Africa, the French Antilles and Tahiti. The calculation that has been made, rightly or wrongly, is that Europe, and particularly France, needs another major port along the Atlantic seaboard between Le Havre and Bilbao in Spain. The French must be ready to compete with Bilbao once Spain enters the Common Market. Only time will tell whether this argument is justified and whether the petrochemical industry will make the major investments in the Le Verdon industrial estate, which will make the whole venture take off. Certainly the Chamber of Commerce and Port Authority in Bordeaux is optimistic. Dow Chemicals, one is told, may yet change its mind and ICI has shown great interest.



As if Aquitaine did not have enough problems already, production of the Lacq natural gas field, which when it started operating only 26 years ago was looked upon in the Beza region as almost an economic miracle, will soon start to decline. The situation, it is true, is not yet dramatic since gas will continue to flow from Lacq until the year 2000. But from 1983 onwards the annual drop will be quite substantial — down to 6.8m. cubic metres, from 7.5m. in 1980, and falling to 5.4m. in 1985 and 3.6m. in 1990. At the same time production of all the by-products such as sulphur, butane ethylene and benzene will be reduced proportionately. In the longer run the whole economy of the Pyrenees-Atlantique will be seriously affected. The influence which Lacq has had on the region is reflected in the population and employment figures. From 1954 to 1970 the population of the Pyrenees-Atlantiques expanded by 100,000, a rate twice as high as that of the South-West of France as a whole. At the same time industrial employment has grown by 30 per cent., more than three times as fast as the national rate.

Whole industries have set up in the region to take advantage of the natural gas and other products provided by Lacq, including Pechiney-Ugine-Kuhlmann, which has a large aluminium plant in the area. The reconversion of the Lacq basin has been pinpointed as a major economic objective in the 7th plan for Aquitaine. But it will not be an easy task, particularly since the raw materials for the continuation of the industries at Lacq would be made available when supplies of natural gas run down, has been so slow in getting off the ground. When all is said and done it is the new port at Le Verdon with an industrial estate of 10,000 hectares (25,000 acres) on which Aquitaine has pinned its greatest hopes for the future, and an outsider would be lynched if he suggested that it might turn out to be something of a white elephant. Certainly the facilities provided are impressive. At the moment it can take fully loaded vessels up to 120,000 tons, lightened ships of 250,000 tons and will eventually be able to accommo-

date oil tankers of 250,000 dwt. It boasts a modern container terminal, berths and ramps for roll-on/roll-off vessels and is open 24 hours a day for seven days a week. Six shipping lines already make regular use of the port, which came into operation only last year, and provides container services between Le Verdon and the U.S., Canada, Australia, West Africa, the French Antilles and Tahiti. The calculation that has been made, rightly or wrongly, is that Europe, and particularly France, needs another major port along the Atlantic seaboard between Le Havre and Bilbao in Spain. The French must be ready to compete with Bilbao once Spain enters the Common Market. Only time will tell whether this argument is justified and whether the petrochemical industry will make the major investments in the Le Verdon industrial estate, which will make the whole venture take off. Certainly the Chamber of Commerce and Port Authority in Bordeaux is optimistic. Dow Chemicals, one is told, may yet change its mind and ICI has shown great interest.

What is clear to everyone, however, is that communications will have to be radically improved in Aquitaine before it can embark on another major round of industrialisation. For the moment only a single-track railway links Le Verdon with Bordeaux and both north-south and east-west road communications are poor. The Aquitaine region is in serious need of what is described locally as "desclatement" — in other words breaking through the geographical and communications barriers which have cut it off from the rest of the country. Improvements are on the way, but they have been long in coming. The authorities have promised that the so-called "two seas" motorway between Bordeaux and Marseilles, which will

establish an import route between the Atlantic and the Mediterranean, will be open by 1985. The Bordeaux-Pau way will be complete and a four-lane highway in Bordeaux and the Landes. So Aquitaine in 1985, with a new question-mark hanging from being "a beauty," as the press of the region describes it before 1980, is a relatively alert anxious lady. The first stage of sation has succeeded with a number of prestipulations, both foreign, have settled with the come the quality and add local labour. But in the economy, which still largely depend culture has become with those employ hand falling from: of the total working in 1985 to only 18. 1975, compared with per cent. employed and more than 50% the services sector. The planners want result of the serious strong food process in Aquitaine that vide a permanent an outlet for the es produce. Their endo gain a reasonable equilibrium between and industry are keeping with the population which, p than any other, is interested in nation. Industrial means, the people's say, but not at the the much-wan into the furnace of.

Economic development

AQUITAINE HAS never quite known what it wants to be. Traditionally it is a primary producer. Wine apart, the vast surface of the Landes endows it with Europe's biggest resinous forest yielding some 4m. cubic metres of wood a year. Lacq, in the Pyrenees foothills, provides natural gas whose production peak will be reached before the middle of the next decade.

Its agricultural and food sectors and timber industries provide some 160,000 jobs, but wine again apart and except for recent developments in the sweet corn processing field, there is little food processing. Tourism is highly seasonal and the region has no winter sports capacity: altogether tourism provides no more than 10,000 permanent jobs. Geographically the area is isolated, ill-served by its scanty road communications with the rest of France.

The arrival of Ford to make automatic gearboxes (it has recently produced its millionth) created dreams of Bordeaux as a manufacturing city, but Ford remains the exception not the rule. For years the region saw itself as a petrochemical centre, but the Arab-Israeli war nipped these aspirations in the bud. The development of the port of Le Verdon at the mouth of the Gironde, originally seen as ancillary to the development of an industrial and petrochemical hinterland, is now the main hope to develop the region as an important outlet for European goods to the Atlantic, but the infrastructure of roads to sustain this ambition has yet to be built.

But this poses the problem. By themselves the development of small industry might stop job loss but will do little towards job creation. Short of a decision to try to take the region directly from the pre- to the post-industrial era without industrialisation, there has to be the exodus from areas like Dordogne notably, and Lot et Garonne to a lesser extent, which do not have even small-scale industry on which to build, and is also important because of the necessity to prepare for the eventual run-down of gas in the Lacq area.

Chemicals have not dropped from the spectrum. The triangle of Bordeaux, Toulouse and Lacq forms a basic skeleton of chemical activity (about 16,000 jobs). The attraction of a chemicals sector is that it is so rich in derivatives that activities derived from chemicals can form the basis of what are almost cottage industries throughout the region. The French oil group SNPA, in which the State has the dominant shareholding and which exploits Lacq (the merger of Elf-Erap with Aquitaine was engineered precisely to provide Aquitaine with raw material resources when Lacq eventually petered out) has embarked on a policy of taking stakes in satellite industry establishing in the Lacq area not depending on gas as a natural resource. Hopea are also invested in being able to develop the electronics and telecommunication industry particularly as the female manpower from the textile industry will adapt itself easily to electronics.

Quality

Aquitaine is France's fourth agricultural region in importance and its second most important exporter of quality agricultural products. But while revenue per hectare is one of the highest in the country, the revenue per head is significantly below the national average. Hence the attempt to develop high added value products, particularly through adding a food processing industry above the base level of production, intensifying production by way of irrigation and, it is hoped, the reconversion of units into larger farms. Coupled with this it is hoped to expand the services at the disposal of the rural population to bring the quality of rural life closer to that of the towns.

The shining example of what might be done, invariably cited to any visitor, is the growth in the maize growing area of the Adour valley of an Indian corn canning industry. The American concern Green Giant has set up a 50/50 venture with a co-operative with 1,000 hectares in production. The gain in revenue per hectare of Indian corn for canning over seed maize is Frs.900.

On the industrial front the typical regional industry is not multinational like Ford or IBM but small and medium sized concerns with a fragile financial base, in sectors suffering severe international Third World competition. Thus, textiles and clothing account for some 14,000 workers in the region; leather and shoe industries some 20,000. In addition, these small-scale industries are frequently the only economic prisms of the small towns of the region which already have suffered a population drain.

Hence, the emphasis is placed on placing managerial counselling at the disposal of companies aiding their exports, developing their sub-contracting potential.

Resources

The Aquitaine seventh development plan just beginning steers clear of grand projects. Rather than grand implantations of industry, it aims at the less spectacular method of encouraging activities based on the region's existing resources. A salient feature of this is the attempt to maintain a high level of agricultural employment rather than accepting as a law of nature the exodus from the land. In fact, from 1968 to 1973 the proportion of the active population engaged in agriculture slipped from 28 to 16 per cent., while the secondary sector remained relatively stable (29 to 31 per cent.) and the tertiary sector underwent a rapid expansion in employment, moving from 43 to 53 per cent. a movement which, if taken as

the key in many ways to the plans for new activity in the region is the river mouth port of Le Verdon. Originally Le Verdon was part of the great chemicals plan and would form the focus of a petrochemicals industry with an ethylene cracker (at that time Dow Chemical was studying such a project) as its showpiece. The collapse of the petrochemical dream caused the Le Verdon idea to be rethought around the basic functions of a port—the shortest route, in fact, between Europe and New York. Container traffic started last year and 50,000 tonnes was carried since June. Some 20 calls a month, are made by regular lines.

But the problem is getting to Le Verdon. It is 100 km. from Bordeaux along a minor road, and there is no bridge below Bordeaux on the Garonne. The crossing from the northern shore is done by ferry. Planned are an improve the Bordeaux-Le Verdon road while Frs.40m. are to be devoted to two container carrying ferries and Frs.30m. to their berthing facilities. In 1980 the road will become a national route and fall to State expense, while the State is chipping in towards the costs of the ferries. It is understood that chemical installations in the port area are under study by American and German enterprises.

An unknown hanging over the industrial development of the region is the entry of Spain into the EEC. Two-thirds of Spanish industry is concentrated in the north-west of Spain which faces Aquitaine over the Pyrenees—an industrial facing an underdeveloped region.

Worried

While it is argued that full access to the French market under full EEC membership will be little different in practice from the existing preferential trade agreement, some planners are worried about the competition from a Spain which is itself still in the relatively early stages of its industrialisation and which will have powerful political reasons to advance for a commercially compliant French policy.

The growth in the services sector has been rapid in the region. The introduction of supermarkts has inflated the employment in commerce (123,000), while the civil service, including State servants, has grown by 30 per cent. since 1968. A very rapid growth has also been observed in the supply of services to agriculture. But what is lacking is what the planners call inelegantly a "tertiary motor"—or, less breezily but more comprehensibly, research and development in high technology and the sciences. The areas where which, it is suggested, could be need is to develop developed at Bordeaux include oceanography, the structure of materials, and tropical medicine, exploiting Bordeaux's traditional links with Africa.

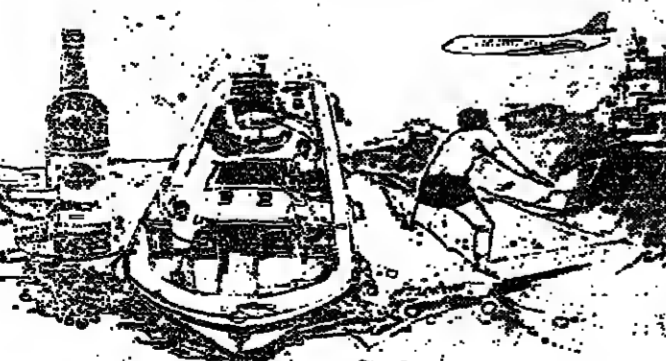
Development and economic activity is, of course, spread very unevenly throughout Aquitaine. Certain areas, like north and east Perigord, Haute- and the upper Pyrenees

areas have suffered desertion—in part Haute- and the upper Pyrenees spread at less than square kilometre. In areas where it is anchor agriculture itself in all this is as an entrepot, com centre and service than as a ma capital. Much of what has lined above pres developed commun work. In fact, the progress can be ground. By 1982 Es have, if work goes, motorway link with a solid network of linking it towards the Mediterranean at and to the Pyrenees, a much improved between the region. Rail links are all improved. In its air is also an important the aeronautical ind supplies some 10,000 region). Bordeaux, access to a reasona national network, are somewhat season The ending of the geographic isolation clatement"—withn linking it to its n international market ment. One can also the comments of a wishful hope that links with industria might bring a modes sion of urgency to parts of the small business world whose activity is unprecipit But even the road will not alter overnigh that Aquitaine is at a France. When the economy has boomed, tide of activity has across the sands of A but in recession Aqu one of the regions tr to feel the furthest, th tide, and its tradition tries have been in-crisis. The areas weather. The course of eventual economic recovery, a trial, and commercial to resist this tendency generate the effects of the economic cycle. The some very old bottles cellars of Bordeaux Aquitaine. Certain areas, like north and east Perigord, Haute- and the upper Pyrenees

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AQUITAINE III

Tight planning for tourism

WHEN THE Gironde estuary flows into the foothills of the Mes this area of binary beauty and for high summer—peacefulness. French created it, planting trees and stabilising 3m. sandy marshes. Winchill painted it, a fact recently hit the headlines as his widow sold his painting to help with her debts; and now the French are refurbishing it, and the Aquitaine coast.



An oil painting of Mimizan by Sir Winston Churchill. Painted in 1924, it was sold by Christies recently for £48,000.

was suitably nervous the whole idea of change ago. The area includes spacious vineyards of x and runs down to the sea where central coast even in France nose its words and with care. At the time as some concern about them areas of France had been by-passed by French economic particularly in the fields. As a result money sped into the mountains

ment of Aquitaine's trip is now firmly in the one body and the only is used advisedly. J.M. Emile Biasini who is Mission Interministeriel pour L'Aménagement de l'Aquitaine has a dis-easy-going approach, lamely clear deter- miningly clear deter- mine way the commission is to happen. Within a few days of his appointment Biasini cleared the planning any further for the build- accommodation with ds in five resorts. There bar. "I was not very says Biasini with a to the area in those old see posters and ling Paris just what it with its ideas for

Aquitaine. Some £50m. and seven years later Biasini appears to be riding high. A gathering of local mayors and delegates recently to air any regional grievances produced not one criticism of the commission, a fact which seemed to surprise him as much as please him.

Basically the Mission plan is to confine expansion to 14 specific areas along 170 miles of coastline and to invite French and foreign private investment in these developments, which are themselves clearly outlined. The idea is to provide marinas, hotels, leisure centres and golf courses without disturbing the essential quality of Aquitaine. The Mission will help both directly in the projects and in the provision of infrastructure both within the development "units" and in the surrounding areas.

The type of development which is to be allowed (rules affecting the number of floors to hotels and apartment blocks, or the building materials to be used), but the Mission's power and influence extends considerably further, into areas normally handed over to the local authorities. It is hardly surprising therefore that the Aquitaine experiment is being watched closely by other nations to see if it succeeds in creating a mix of profit and pleasant environment, or whether M. Biasini and his Mission will fall flat on their faces.

At the moment Aquitaine's mood is created largely by its natural beauty, even if "natural" is wrong for wooded areas planted by man about a couple of hundred years ago. Into this has been planted a pattern of small, but largely anarchic, development typical of much of coastal France. Charming little fishing villages, which have sprouted, holiday homes and hotels; less than charming beach complexes which look like ghost towns for much of the year but spring to life in the summer; and winding roads built for farmers and sometimes overcrowded with holidaymakers.

Difficult The French word "aménagement" is a difficult one to translate into English. It hovers somewhere between developing, organising and managing, but in their own translation the Mission has plumped for development—a little to their own irritation since much of the area is to be left undeveloped. It is this undeveloped section which, oddly enough, it is hoped will appeal to investors. Since so large an area will be intentionally left as it is to-day it should give investors the comfort that competition cannot come from an unpredictable source.

The Commission was formed in 1967 and includes representatives of the Ministries of Defence, the Interior and Finance as well as a variety of other Ministers and local interest ranging from the Ministry of the Quality of Life and the regional prefects. It works closely with DATAR, which is the French national organisation for regional developments. Although in France as in most other countries any development is surrounded by a tangle of planning zones, building permits and the like, along the Aquitaine coast all these are subject to the overall policy of the basic development plan. This plan was approved in 1972 for the northern areas, and in 1974 for the Basque region.

Now there are obvious signs of the progress made so far and of the groundwork being done for future development. When the Mission started its work the dream of planned tourist expansion was to some a nightmare. Now at least the opposing views appear to have come closer together.

Arthur Sandles

Forest potential to be realised

ANGLE formed by the Atlantic coast. The Atlantic coast contains 5,000 per hectare. By the time an initial population of some 3,000 trees has been thinned to the final population of around 200 mature trees for the sawmills, the value (calculating on the basis of Frs.150 for a cubic metre of mature timber) is some Frs.20,000 (£2,400).

price was at Frs.150. By spring the following year it was climbing towards Frs.250 and touching at times Frs.260. It came down to Frs.180, but with the owners—well organised themselves—keeping timber off the market rather than permit a price decline, the erosion was only to Frs.180 or so. It is now around Frs.150-160 thanks partly to better organisation by the main timber buyers and partly to a severe storm before Christmas last year which forced the owners quickly to get rid of a lot of damaged wood.

Thinned

Traditionally about 30 per cent of the silviculteur's income has come from the final clear-cutting of mature trees. However, a higher proportion now comes from the young trees thinned out for industrial use. The main limitation of the maritime pine as a wood lies in the tapering shape of the tree. This means that the sawmills can cut only 2-metre lengths. This in turn means that the wood is destined overwhelmingly for parquet, panelling, packaging (wooden cases and the like) and pallets. The annual production in the region of parquet and panelling is around 600,000 cubic metres (there is also an important and expensive market in wood for heading cut from knot-free timber). Production for cases, pallets and bobbins is rather less, as is timber frame for house construction.

The great speculation against Bordeaux wine has passed into the region's folklore. The timber industry has also gone through a period of savage price rises which, coupled with the recession in the economy as a whole, has left both sawmills and paper-makers in poor financial health. Timber is normally sold in the autumn at auction. In the summer of 1974 the price for mature timber was around Frs.50 per cubic metre. By autumn, with world timber prices shooting upwards, the

elderly installations ceasing to be competitive and new plants unable to reach satisfactory capacity because of the lack in demand.

Study

The timber and paper packaging industry in France as a whole is under Government study at the moment because the sector represents, at Frs.9bn. in 1976—the second largest trade deficit after oil. One of its main concerns will be to tackle the fragmentation of ownership of France's forest resources between some 1.5m. owners, which reduces its capacity for exploitation. The second main concern is the debt-ridden situation of the paper industry, and the expectation here is an eventual regrouping of the industry around two major poles: a writing paper and quality products pole and a packaging industry which would certainly be organised around La Cellulose du Pin. La Cellulose du Pin, which is a subsidiary in the writing paper field itself favours a concentration of packaging interests in the Landes, where the timber leads itself to this activity, and a concentration of writing paper in eastern France.

Whatever the outcome of the Government's deliberations it is likely to put the emphasis on more intensive exploitation of the country's forest resources, and a primary resource remains the forest of Gascony. Intensive research into selection of seeds, fertilising and husbandry is already carried out, and the most optimistic school of thought reckons that the forest's capacity can be doubled over 15 years. It looks a useful future for a forest that was only planted in the first place to knit the dunes together along the coast.

David Curry

How France is planning Europe's future playground.

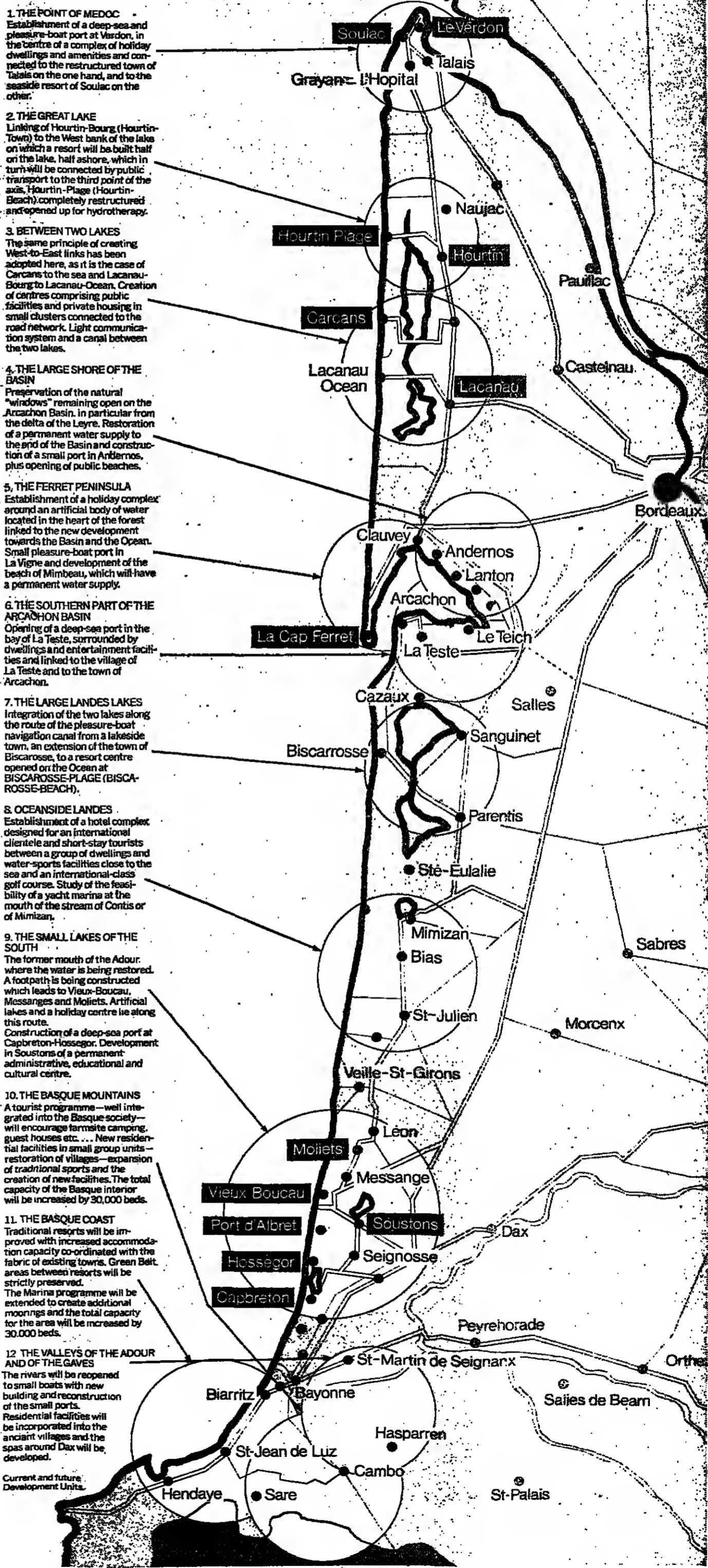
Aquitaine—the unique land of space and freedom—endowed with the natural beauty of Europe's largest forest, beaded with over 200,000 acres of placid freshwater lakes, washed by the exciting breakers of the Atlantic along 150 miles of sandy beach, studded with historic towns and drenched in 2,200 hours of southern sun each year. Nothing can be allowed to spoil it.

All the developments taking place in this natural paradise have been carefully planned to provide maximum leisure facilities with minimum loss of regional character.

To preserve the Coastline, building is set back from the beach, taking advantage of the forest and lakes, whilst still being close to the sea. The new communications network will benefit both landscape and community.

Aquitaine is the last remaining undeveloped resort area of its size in Europe. The French Government is pledged to see that it remains unspoilt.

For information on existing holiday facilities in Aquitaine, contact The French Government Tourist Office, Aquitaine Dept., 178 Piccadilly, London W1V 0AL.



- 1. THE POINT OF MEDOC**
Establishment of a deep-sea and pleasure-boat port at Verdon, in the centre of a complex of holiday dwellings and amenities and connected to the restructured town of Talais on the one hand, and to the seaside resort of Soulac on the other.
- 2. THE GREAT LAKE**
Linking of Hourtin-Bourg (Hourtin-Town) to the West bank of the lake on which a resort will be built half on the lake, half ashore, which in turn will be connected by public transport to the third point of the axis, Hourtin-Plage (Hourtin-Beach) completely restructured and adapted up for hydrotherapy.
- 3. BETWEEN TWO LAKES**
The same principle of creating West-to-East links has been adopted here, as it is the case of Carcans on the sea and Lacanau-Bourg to Lacanau-Ocean. Creation of centres comprising public facilities and private housing in small clusters connected to the road network. Light communication system and a canal between the two lakes.
- 4. THE LARGE SHORE OF THE BASIN**
Preservation of the natural "windows" remaining open on the Arcachon Basin. In particular from the delta of the Leyre. Restoration of a permanent water supply to the grid of the Basin and construction of a small port in Arthemis, plus opening of public beaches.
- 5. THE FERRET PENINSULA**
Establishment of a holiday complex around an artificial body of water located in the heart of the forest linked to the new development towards the Basin and the Ocean. Small pleasure-boat port in La Vigne and development of the beach of Mimbeau, which will have a permanent water supply.
- 6. THE SOUTHERN PART OF THE ARCACHON BASIN**
Opening of a deep-sea port in the bay of La Teste, surrounded by dwellings and entertainment facilities and linked to the village of La Teste and to the town of Arcachon.
- 7. THE LARGE LANDES LAKES**
Integration of the two lakes along the route of the pleasure-boat navigation canal from a lakeside town, an extension of the town of Biscarrosse. In a resort centre opened on the Ocean at BISCARROSSE-PLAGE (BISCARROSSE-BEACH).
- 8. OCEANSIDE LANDES**
Establishment of a hotel complex designed for an international clientele and short-stay tourists between a group of dwellings and water-sports facilities close to the sea and an international-class golf course. Study of the feasibility of a yacht marina at the mouth of the stream of Cortis or of Mimizan.
- 9. THE SMALL LAKES OF THE SOUTH**
The former mouth of the Adour, where the water is being restored. A footpath is being constructed which leads to Vieux-Boucau, Messanges and Moliets. Artificial lakes and a holiday centre lie along this route. Construction of a deep-sea port at Capbreton-Hosségor. Development in Soustons of a permanent administrative, educational and cultural centre.
- 10. THE BASQUE MOUNTAINS**
A tourist programme—well integrated into the Basque society—will encourage farm-stay tourists, guest houses etc. ... New residential facilities in small group units—restoration of villages—expansion of traditional sports and the creation of new facilities. The total capacity of the Basque interior will be increased by 30,000 beds.
- 11. THE BASQUE COAST**
Traditional resorts will be improved and increased accommodation capacity coordinated with the fabric of existing towns. Green Belt areas between resorts will be strictly preserved. The Marine programme will be extended to create additional moorings and the total capacity for the area will be increased by 30,000 beds.
- 12. THE VALLEYS OF THE ADOUR AND OF THE GAVES**
The rivers will be reopened to small boats with new building and reconstruction of the small ports. Residential facilities will be incorporated into the ancient villages and the spas around Dax will be developed.



AQUITAINE IV

A revolution in the wine trade

IT IS very tempting to regard the twin crises which afflicted Bordeaux between 1971 and 1974—massive speculation followed by a ruinous price collapse and the related scandal over false labelling—as marking the end of the old regime in the Bordeaux wine industry. The majestic rhythm of Bordeaux, the in-hired social elite of dealers (the famous Chartrons), the frequent Anglo-mania of the ruling households, the deeply entrenched Protestant hierarchy in the city, the peerage of caste—all these threads in the fabric of Bordeaux life lent themselves to be easily pilloried. When the crash came out went this aristocracy of the old south, and in came the managers, the men who thought of bottles in terms of cash flow not vintage, and with them the supermarkets and the chemists to mature the wine earlier.

The recent history of Bordeaux is frequently written in these terms. There is, of course, an element of truth in it. The financial damage caused by the speculation and price collapse was extensive; the psychological scars left by the scandal affecting one of the oldest of the Bordeaux houses—Cruze—were deep, the more deep because Bordeaux felt that other wine regions with slurs even greater were laughing at its misfortunes.

But the truth is that the crisis of 1971-74 acted as a catalyst to changes already taking place, and which were stimulated at least as much by the rising cost of finance in an industry, which by its nature is subject to unpredictable cash flow, as by price collapse and scandal.

The single most important change directly brought about by the crisis, though originating beforehand, was the agreement by the industry on a mechanism through the Bordeaux Contract to control prices and production policed by its own professional body and financed by a levy on transactions.

The story of the crisis is

briefly told. It began in 1971 and is usually blamed on the relative cheapness of Bordeaux compared with other regions. It was financed from outside Bordeaux, but inevitably the Bordeaux houses had to compete for supplies and themselves participated in the speculation—after all, speculation was the normal way of doing business in wine. Broadly, prices tripled. The wine had to be purchased with borrowed money and stored at heavy expense. When the giddy movement of prices finally lost momentum the world economic recession intervened to imprison the stocks of expensive wine in the cellars and warehouses. They then had to be financed with money borrowed at high interest rates.

The price rise and the recession caused the market to collapse. Wine had to be off-loaded at ruinous prices or stored at ruinous prices. The worst hit were the dealers who had followed contractual purchasing of whole crops and who honoured their contracts for high-priced wine at a time when the market was already on the downhill slope—the Glnestet natural which recently was forced to raise nearly £10m. through the sale of its first growth Chateau Margaux to meet the bill of financing costs was a case in point.

Spiral

At the top of the price spiral came the crisis—the reclassification in the warehouses of the Cruze family of cheap Midi wine as appellation controlee Bordeaux. This concentrated on Bordeaux the animosity of a consumer already alienated by the price rise and it struck fatally at the image of Bordeaux as an area whose name alone was sufficient to guarantee quality. In consequence, it spurred the demand for chateau bottled wine.

The destruction of the code of honour of Bordeaux cleared the way psychologically for a new mechanism as the specu-

lative underlined the financial need for a system of control. The response, supplied through the Conseil Interprofessionnel du Vin de Bordeaux, has been a price and quantity control mechanism nursed into reality by the CIVB's new president, 45-year-old Jean-Paul Jaufré, the first negotiator to hold this position, a tennis-addict who in business terms at least likes to play close to the net.

The essence of the contract is a buffer stocks agreement covering the region's producers (dominated by 20,000 small farmers) and traders of Appellation d'Origine Controlee (AOC) wines in the five categories of Bordeaux, and Bordeaux de Cotes, Medoc and Graves; Saint-Emilion, Pomerol and Fronsac; sweet whites; dry whites.

The first mechanism is the qualitative reserve. Each appellation fixes its resources and any surplus is technically blocked at production level (at the producer's cost) until changes in the market conditions favour its release. This principle follows along the road already established by AOC legislation which authorises yield according to quality of the crop. Blocked wine of good quality can be substituted in subsequent years for poor quality vintages to maintain the continuity of the mark and the market.

On the prices front each category is given a price bracket. For the 1976-77 campaign the price fork was fixed at Frs.2,000 to Frs.2,500 for the 900 litre cask of Bordeaux and Bordeaux de Cotes and Frs.3,100 to Frs.4,000 for Medoc and Graves. The average price of transactions is the key indicator and if the movement seems too rapid the CIVB can intervene to block the wine and finance its storage from a common fund.

These stocks can then be brought on to the market to control upward price movements. The finance comes from a tax on transactions, while the Credit Agricole, the French

agricultural bank, is weighing in with preferential financing of wines coming under the buffer stock regulation.

Other ideas being teased around by the CIVB are encouragements to concentrate transactions at the start of the marketing campaign to be able to put the maximum volume of wine under the contract from the start of the campaign and the development of forward sales contracts and multi-annual contracts.

Novelty

In global terms there is nothing revolutionary about this scheme. Its novelty is its application to Bordeaux and the application of discipline to a highly individualistic business dominated at the growers' end by small farmers inherently suspicious of innovation. The psychological attraction of the scheme, which has by no means been accepted as a law of nature by the growers, is that it makes possible a relationship between grower and dealer somewhat purged of the overtones of exploitation which were present in the 1960s.

What about the other changes? An obvious one is the decline in the number of dealers. By and large those with foreign capital behind them have weathered the storm, and some of the others have been suffering financial weakness. This was already happening, before the crisis when the dealer working with stock was gradually giving way to the trader working without stocks. The arrival of the famous new breed of managers partly reflects the investments of international drinks concerns like IDV and Seagrams treating Bordeaux as part of their operations subject to financial controls within the context of corporate group accounting practices. While it is false to picture an old Bordeaux of patriarchs employing family capital giving way to a managerial elite, it is certainly true

that the crisis did highlight the inadequacy of family capital.

There is also taking place what is usually described as the "democratisation of Bordeaux." This is not easy to substantiate. In part it refers to the involvement of supermarkets in the Bordeaux wine business — it was the Felix Potin supermarket group which bought Chateau Margaux — and the appearance of locally bottled wine on supermarket shelves. It refers also to the export not merely of the famous Bordeaux names, but of the ordinary generic Bordeaux wine. In other words the 90 per cent of Bordeaux production which is not cru classe is becoming known until relatively recently the glamour of claret was associated with the famous chateaux.

Finally, an important change is taking place in the application of techniques to vinify the wine earlier so that a good wine can now be drunk at five years rather than eight or ten. The advantage is, obviously, in the accelerated cash flow.

The problem for the CIVB will be to maintain the pace of voluntary change against the natural tendency to say that since the crisis has passed so has the necessity to go beyond the strict minimum. Janfré is anxious to establish some financing scheme for the ageing of wine and would also like to sort out as far as possible some of the towards 40 appellations d'origine and 13,000 chateaux which make marketing of Bordeaux wine so complex. On the side of the dealer, fewer than 40 houses are generating turnover of Frs.10m. a year (around £1.1m.) whereas the figure of Frs.150m. a year is floated as being nearer to the size needed for stable development of business. In other words, if Bordeaux has witnessed its revolution, it has still to complete its reform.

David Curry

A new life for the coast

IF YOU ARE wise, a romantic Casse Centrale due Credit vectors are recur or perhaps have a little time Hotelier can total, along with actual developme to spare, the pleasant way to Joans, Frs.45,000 (more than there has been co interest in the proje approach Hossegot/Capbreton is 25,000) a room and is limited to from France, but to ignore the NIO from a maximum of 60 per cent of abroad, notably Ge

Bordeaux and take to the forest, the total cost (before tax) of the investment. With good fortune you will pass the lakes around Somons, taking tea and some Basque cake at a village cafe. At the Erang Blanc, a large area of shallow water much frequented by duck who seem not to have learned yet that they are a local delicacy, there is a view which M. Michelin has thoughtfully marked on his maps, offering the essence of Aquitaine. You look across shimmering water to trees misty in their outline, dark in their abundance and alive with rural noise.

Capbreton is the better known of a half of a small port area which over the years has grown in popularity with tourists. During those years, however, the area around the port itself, shared by Capbreton with its northern neighbour, Hossegot, had grown a little faded around the edges. A visitor to-day, however, would see that things are changing. New port entries have been built, giving access to reconstructed marina/small vessel centre, hotel rooms, villas and apartments are rising near the waterside while in the woodlands behind the town a small holiday village and golf course complete the picture.

Practical

One of the advantages of the Mission system is that foreign investors can get considerable practical assistance from a central body in finding their way through the maze of planning rules and regulations. But financial help is also available, quite apart from the construction of the basic works.

In the Gironde, Landes and Pyrenees-Atlantiques departements there is also the prospect of direct state aid, which can come in two ways—loans or direct grants. This aid can be substantial. Grants from the Fonds de Developpement Economique et Social, and from the Credit Nationale and La

But quite apart from financial assistance to investors these see-able things happen, are expected to be pre-ordained way, development is what as the Mission see the going should smooth.

The rules say that this investment must total a minimum of Frs.700,000 and provide at least 20 hotel rooms or 100 holiday village beds. Five or more jobs must be created, but these can be on a seasonal basis. The amount of non-refundable subsidy varies according to the standard of the project and ranges from Frs.6,000 for a two-star hotel a room to Frs.2,000 a bed (the difference between beds and rooms is an important case in the subsidy calculations) and a maximum subsidy of Frs. 1m. for holiday villages and Frs.750,000 for hotels.

Capbreton is fairly typical of what is planned for the coastal areas if a little more elaborate than many of the projects. It is development in the word accepted sense of the word should be on a fairly narrow coastal strip and then extends back into the hinterland, rather than on a traditional horizontal sprawl along the ocean. In the normal way of things investors are rather opposed to such ideas, since they feel that the sea is a basic attraction and the further you are away from it the greater is the commercial risk. The Aquitaine Mission answers that an exploited sea front is a ruined sea front and that a well developed area back from the sea can be as great, if not greater, attraction if the sea itself is left to its natural attractions.

Examples of the same concept can be seen from Soulac in the north to the pretty port of Hendaye on the Spanish border. Hendaye on the Spanish border is a revitalisation of the port/ beach area but the bulk of investment is in the hinterland, which can each case the Mission puts up a big it normally to be matched from local resources, for the early works such as drains, dredging, roadworks, and site clearance, and then private in-

Optimism

Aquitaine's po this type of exp the surmise at less for optimism. The Aquitaine lead to as many French as concerned, and th French Government this view. Commis improved consider years. There are and an excellent port has regular international servi a British Airways London. If you through the fore can be at almost the Aquitaine co a couple of hours airport.

For the average ever, Aquitaine roads, airports, h vineyards. It is if atmosphere create the seemingly en the rocky ridges, country and the Landes. At one t a grand plan to with an enormous would have run fr the region to the five miles in fror would have create water wonderin leisure boating Nature, in the levels, objected? she did. There's Aquitaine may b out.

Arth

The aristocracy of the cork

BORDEAUX, the capital of Aquitaine, is known the world over for the excellence of its wines, but much less so for its architecture. Yet it is one of the great architectural jewels of Europe, whose majestic 18th-century buildings reflect a glorious and prosperous past equalled by few other cities and which are also a living monument to the close historical ties which, for centuries, have bound Bordeaux to England, Ireland and Scotland.

These links, though they reached their apogee in the 18th-century, date back nearly 3,000 years, when the Garonne River became an important stage on the trade route between ancient Greece, Rome and the British Isles. The Roman legions, based in Britain, developed a special liking for the wines of Burdigala, as Bordeaux was then called, and the city quickly became an important commercial centre in which wine, Mediterranean produce and oriental goods were traded for British and Irish products such as tin, gold, wool and cloth.

In 1152, the marriage of Eleanor of Aquitaine to Henry Plantagenet, later to become King Henry II of England, consolidated politically what were already very strong commercial links. And the 100-years war between France and England, which lasted from 1337 to 1453, far from causing the impoverishment of Bordeaux, actually contributed to its prosperity. Aquitaine as a whole may have suffered severe hardships, but the port of Bordeaux flourished, particularly thanks to the wine traffic with England and the constant traffic of soldiers and arms.

Even today, there are reminders in the French language of the time when English soldiers, together with their Gascon allies, did battle with the French. There is a place in Aquitaine called "Pas des Anglais," which means Englishman's passage or pass — not Englishmen go home, as might be thought at first hearing—and a traditional head-dress still worn by a few peasant women, called a "Quichenotte," reputedly a derivative of the English "kiss me not," which presumably served as protec-

tion against the ardent advances of a frustrated soldiery. The defeat of the Anglo-Gascon allies, though it might well have put an end to a beautiful relationship, in fact helped to cement it, for thousands of Gascons fled to England to escape the reprisals of the French king. A Bordelais even founded the Vintners Company in London in the 14th century, and another, Henri Picard, became Lord Mayor of London.

History and wine continued to throw the Bordelais and the British into each others' arms. While the 17th century produced a massive exodus of Protestant Huguenots from France to northern Europe to escape religious persecution, there was a reverse flow to Aquitaine of Irish Catholics, who also fled their country for religious and political reasons. Nevertheless, it was the former, who created a kind of "Protestant international," that were to play a crucial role in the economic prosperity of Aquitaine in the 18th century.

This golden age in the history of Bordeaux saw the rise of the great families of wine merchants, known as the Chartreux, because they settled in a district which was once the site of a Chartreux monastery. To qualify as a pure-blooded Chartreux, one had to be — and still has to be — of foreign origin, a Protestant and a wine merchant. The names of some of Bordeaux's great wine merchant families, which continue to rule the social roost to-day, bear witness to their English, German and Dutch descent: Lawton, Barton, Beyeremann, Cruse, Hannapier, Johnston, Kressmann, Schroeder, Schyler and Brown de Costoun.

This "aristocracy of the cork" as it is rather inelegantly described locally, has always kept very much in itself and married only within the Protestant faith. Even close social contact with Catholic families, however well-to-do or aristocratic, is rare. English is an obligatory second language in these circles, when it is not the first. Ronald Barton of the House of Barton and Guestier, I was told, was born in London, educated at Eton and Oxford and served in the Royal Innis.

killings. Fustiers with the rank of Major during the Second World War. He is the descendant of Thomas Barton, known as French Tom, who left his native Ireland to settle in Bordeaux in 1725.

As an illustration of this Anglophilia, a story is told locally of a distinguished Bordelais who was asked the name of the flowers which grew in front of his Medoc chateau. "I do not know," he replied, "but in England they call them Begonias."

The clamminess and snobbery of the Chartreux infuriated the Aquitaine writer, Francois Mauriac, whose own family had the bad taste of being in the wood-rather than in the wine trade and who was therefore excluded from the fashionable "cork" salons. In his book "Preseances," Francois Mauriac, settles a personal score by painting a vicious portrait of the society which rejected him.

Foreign

Things are changing, of course. Not only are many of the great chateau vineyards now in foreign hands — that is, foreigners of the present generation—but some of the famous Negoces have also been bought up, notably by British Breweries. And, after the recent wine fraud scandal, involving one of the most prominent members of the merchant establishment, it is doubtful whether things will ever be quite the same, although the Bordelais find it difficult to admit this.

The growing industrialisation of the Bordeaux region is also accelerating the social changes. The implantation of modern factories, such as Ford, on the outskirts of the city, the proximity of a large aircraft industry and the development of new projects such as the port of Le Verdon in the mouth of the Gironde has brought a considerable number of 20th century technocrats and young executives to the city, who have little respect for the local social niceties. The social balance is therefore being modified, as the economic emphasis has switched from wine to other activities. Indeed, after a long period

of somnolence in this century, again beginning under a dynamic Jacques Chaban, has presided over a council for more than 10 years.

Elected in 1946, still France's resistance General Delmas has some national positions, but for ten years Minister of the Pompidou front to promote the same thing in damping down opposition by with a number of socialists, who the complacency some of his mea-

M. Chaban-Delmas has been too slow in the immediate of rapid industrial heavy industry attracted to the region. But there doubt about his during the last decade. The industrial of the banks of the Estuary and the Bordeaux, the office and shopping Meriadec, which is on the site of the "red light" area which the State is Frs.100m. Cabout subsidies, the general sports facilities, outskirts of Bordeaux imaginative pedast cincts in the old to evidence of a particie administrative. There is a dar imbued with all this trial fervour, Bord neglect its priceless tural heritage. Though the major masterpl as the Palais de la B been restored, there streets and buildings quarter which is allowed to deteriorate ably. The Qual des and all the stars which the Gironde Es accommodate would pensate for its destru

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The Management Page

Rhys David reports on why a U.K. industrialist feels that one of Britain's most successful industries is susceptible to an assault on its market from overseas

Threat that faces U.K. carpets

The British carpet industry is usually regarded as something of a model in the textile sector. Its export performance is good, amounting to 20 per cent of output by value last year, and exports are running at less than per cent of all the carpets in the U.K. Britain has the second largest printing capacity in the world, and has also been among the innovators in the development of tufted carpets.

But recently a suggestion that may be vulnerable has been forwarded by Mr. Robyn Grant, managing director of Heuga U.K., a company which takes a more than usually jaundiced view of the industry.

Heuga, owned by a Dutch firm, dominates the carpet business in Britain, with a 60-70 per cent of the market which itself represents and a per cent of total carpet usage in the U.K. In 1976, Heuga, which claims to have achieved a five-fold rise in sales and profits in the last five years, has both sides of the export business. It imports the bulk of its requirements from land, but at the same time commissions production in the U.K. from other manufacturers supplement its own ranges of those of Continental firms.



Mr. Robyn Grant, managing director of Heuga U.K.

Advances in printing which has enabled tufted carpets to compete more successfully with the traditional wovens.

The relatively low capital costs involved have made it possible, however, for a number of companies to enter first the tufting business and subsequently printing, and it is now reckoned that total printing capacity in the U.K. is double the market requirements. Furthermore a number of companies are trying to move away from the very severe price competition at the bottom of the market by installing yet more sophisticated printing equipment, using computer-controlled dye injection and other advanced techniques, in the hope that this will enable them to move up-market. Out of an estimated 70 or so printers around the world the U.K. has about 15; most of the rest are in the U.S.

This fierce competition within the UK has been one factor in persuading UK manufacturers to seek sales abroad and last year at £112m the industry's exports were up by more than half on the £71m total in 1976. However, as Grant points out, competition has also brought an unhealthy shift in economic power within the industry towards the retailers, who have been able to drive the industry into supplying keenly-priced unbranded goods. Through the consumer may be deriving a temporary advantage in the longer term the industry's ability to develop quality products which could compete with the best carpets produced in other centres, such as the U.S., Belgium, and Germany, may be put at risk. Once these countries decide to go for the British market they will base their efforts not so much on price but on value for money, design, and after-sales service. Grant believes.

more difficult for the British industry to sell its bulk lines abroad.

"Against the background of a static home market the British carpet industry has seen its production capacity increase while its profits have reduced from an average of 20 per cent to 8 per cent in 1975 and less still in 1976, and without its export performance profits would have been worse still," Robyn Grant says. Meanwhile the profitable carpet retailer groups which are now sold under retail brand names rather than manufacturers' names. The re-establishment of a strong brand identity would, it is argued, also help the industry in export markets, where for the past year it has been selling on price—un-

double size somewhat to its chagrin as it still associated with original hair tile, but it has only added a further nine to its range, which has actively doubled the company size, and now offers a range of domestic tiles, including some 100 per cent wool, in addition to its contract ranges for hospitals, offices, schools and other institutional applications.

Mr. Grant's concern is the very severe price competition in which the industry found itself embroiled in its years, and which, he believes could be debilitating it, leaving it susceptible to attack by Continental manufacturers. The industry has got into this situation not through typical British underpricing, but because of what is termed flagrant overpricing, particularly on new tufted equipment. Tufted carpets have now grown to well over two-thirds of the total market. In recent years this situation has been helped by

figure of only £360,000 by the manufacturers.

Grant himself forecasts that as a result of present trends, the industry—currently split into a large number of groups including three or four big concerns—is likely to become increasingly concentrated into larger units, with employment, at present around 35,000, falling by perhaps 20 per cent. He claims that growing retailer strength could lead to a concentration of a few major buying organisations which would be in the detriment of wholesalers and small businesses. "Further price competition in the industry could undermine its export performance," he adds.

Heuga, which has set its sights on 10 per cent of the U.K. market and which is planning to introduce broadloom ranges to supplement the rest of the industry to get in touch with customers again and not leave the projection of the industry's wares entirely to the big carpet retail groups.

According to Grant the industry has to re-learn the art of aggressive marketing through retailers, and not just at them; and must establish strong brand images in the public mind. As in other textile areas in the U.K., large quantities of carpet are now sold under retail brand names rather than manufacturers' names. The re-establishment of a strong brand identity would, it is argued, also help the industry in export markets, where for the past year it has been selling on price—un-

cannot be criticised for not tendering a real. If the landlord comes to realise that he should have demanded rent, he can claim up to six years' arrears of rent. You will not acquire a right to the freehold until you have occupied the property without paying rent or acknowledging anyone else's title for over 12 years after the lease has ended. Thus it will not be for at least 28 years that you could set up a possessory title to the property. We think that your best course would be to place on a deposit account the money which would be payable as rent in the normal course. If no claim for rent is made in the next six years you can cease paying into the account as you will have available the maximum amount of arrears of rent which the landlords could claim.

BUSINESS PROBLEMS

Failure to tender rent

I bought the 16-year lease of a shop about five years ago and two years ago my landlords, who previously sent out regular rent demands, disappeared after their business had apparently folded up, but just what happened I do not know. Meantime I have paid no rent. Am I supposed to try and find out who my landlord now is? If no rent is demanded, do I eventually acquire the freehold? What do you advise me to do?

A strict law it is the duty of a tenant, as debtor, to seek out his landlord and tender rent to him. However, since the (previous) landlords have set up a practice of sending out rent demands you

BY OUR LEGAL STAFF

Supplies of power

Could you tell me what moves, if any, can be taken by an Electricity Board which has supplied power to a company which has been struck off?

Unless the contract for supply was guaranteed by an individual the Board can only petition the Court to restore the company to the register and then pursue its claim against the reinstated company (apart from cutting off the supply).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



Uncertainty over patents

BY A. H. HERMANN

IT IS ALWAYS hard for those brought up to believe in competition as the most beneficent market force to realise that the exclusive rights which are granted by national copyright, patent, trade mark and design laws are granted because it is in the public interest to grant them.

This is how the Whitford Committee on Copyright and Design Law, in its report published on March 3, summed up the problem of competition and licensing after first having complained about the shadow of the EEC Commission hanging over the rights granted by national laws to reward innovation.

ing in April. It divides the various restrictive clauses which appear in licensing agreements into three categories. The first category includes restrictions which would be allowed if certain general conditions are satisfied. The second category includes restrictions which are definitely prohibited. And the third category is formed by all those unspecified restrictions which fall neither into the first nor the second and on which the Commission wishes to decide case by case. Dr. Johannes said that the special notification procedure devised for this last category will be simplified and, in particular, the Commission will not insist that applicants should provide documentation on all licensing agreements.

CBI conference in the wider context of the world-wide problem posed by the demands of the developing countries. These would restrict the freedom of those who have new technology for disposal far more than any proposals drafted in Brussels can. To use the phrase attributed to one of the representatives of the African countries: "Political decolonisation achieved by violence should be followed by technological decolonisation achieved under duress." Such decolonisation pursued by the "Group of 77" (which now amounts to well over 100 developing countries) in the UN and though many of these countries realised that such radicalism is probably counter-productive, they do not appear to dare to oppose the leadership constituted by the "militant" and by the OPEC countries.

Up roar

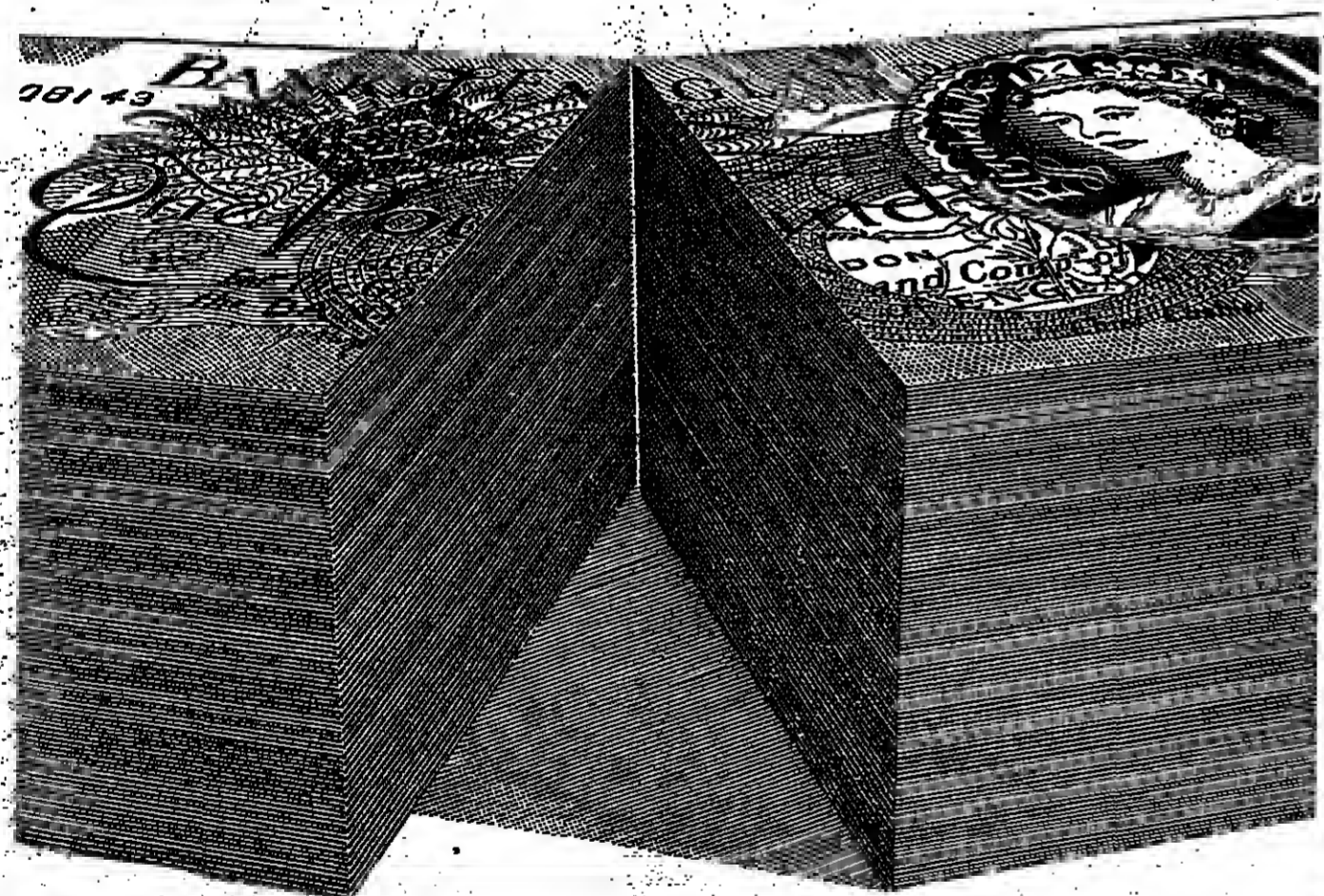
Five days later, on March 8, the CBI held a conference on licensing and transfer of technology and Dr. Hartmut Johannes, the architect of EEC policy on patents, trade marks and copyright came from Brussels to explain what concessions the Commission is ready to make in view of the general uproar provoked by its draft regulation on patent licensing, a subject covered in this column eight weeks ago. However, before reporting the Commission's new ideas in detail, it should be noted that the representatives of British industry at the meeting were clearly displeased. Seldom does one hear a project, on which member States spent some considerable time, condemned in so strong terms. Mr. J. M. Aubrey of Courtaulds, and past president of the Trade Marks, Patents and Design Federation, said that "both the principle and draft of the regulation are wholly bad." He urged the Government to oppose it and at least protect those who had already concluded licensing agreements and to rely on the Commission's earlier, more tolerant policy.

The EEC Commission is ready to make concessions to its draft regulation on patents and licensing, but they are unlikely to satisfy industry

Binding code

What the developing countries want is a code which would be binding on all countries and would oblige them to compel companies to make new technology available to developing countries under specially favourable terms. Such terms should, for example, limit the payment of royalties to five years only, after which time the licensee should be free to sell the licence to anybody—including the original licensor's competitor!

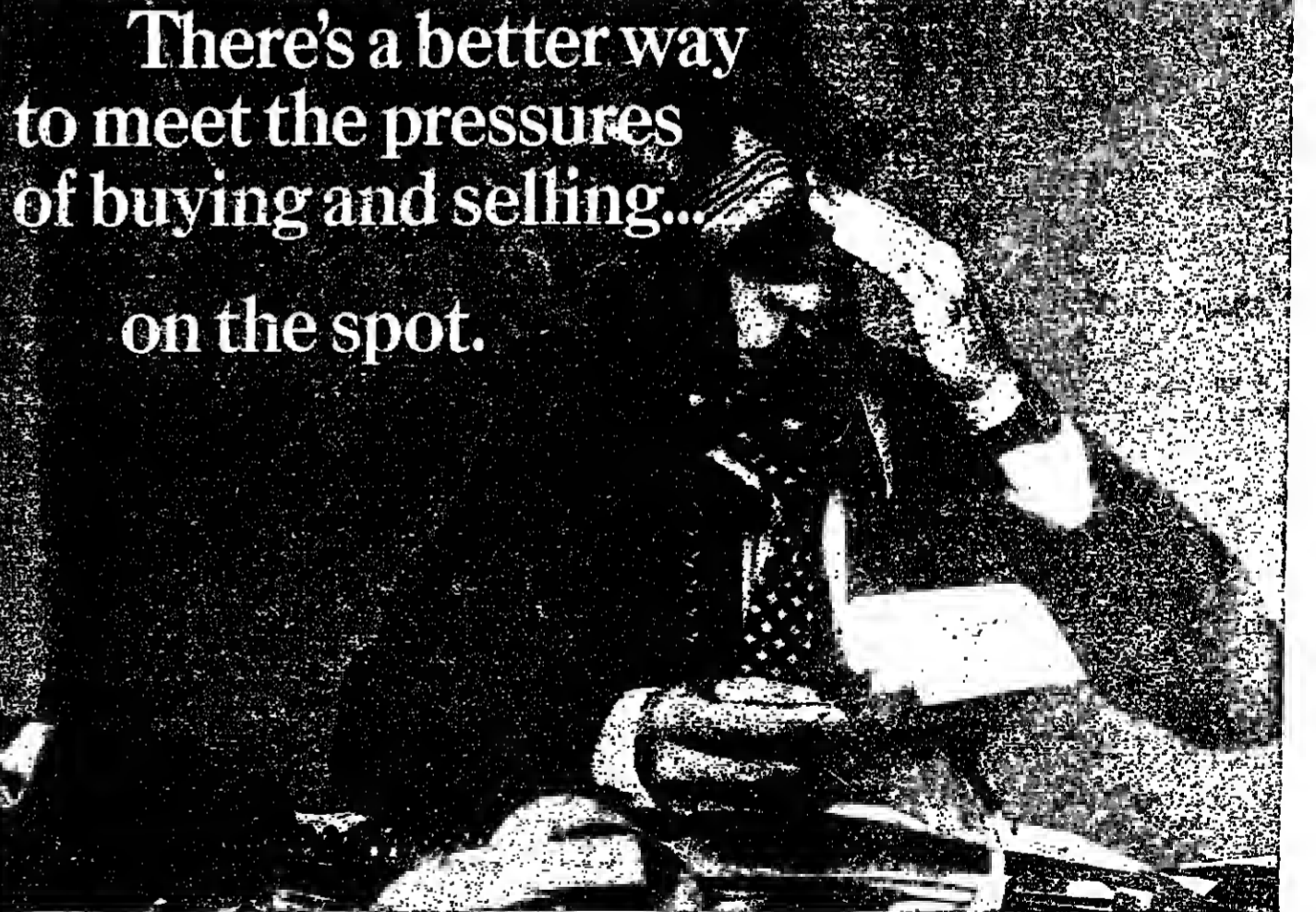
There is little doubt that a correctly recognised self-interest of the developing countries should stop such extreme demands which would only compel research-based companies to think of other ways of getting a reward for their innovations and to give up licensing altogether. If licences are to be materialised, parties must be left free to negotiate terms acceptable to both sides. As Mr. C. G. Wickham, chairman of CBI Industrial Property Panel, told the conference, what is needed is to remove the controversy from the political arena and to return to co-operation.



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Congress ballot paper symbol.

Mrs. Gandhi's trial by elections
India at the crossroads

BY DAVID HOUSEGO in New Delhi



Janata ballot paper.

The future of Leyland

THE TOOLMAKERS' strike in relation to Leyland's future investment plans, the Department of Industry said yesterday that these plans would in any case be reviewed whether the toolmakers returned to work or not.

Special skills
In other industrial countries a combination of management firmness and union discipline has produced a state of affairs in which, in general, it does not pay to go on unofficial strike.

Common front
The shock to Mrs. Gandhi has been the breadth of the hostility she has aroused. The first blow was the decision of the main opposition groups to unite in forming the Janata (People's) Party.

THE ELECTION in India, where polling begins today, is the most closely fought since independence, and never have the stakes been higher. What is at stake is whether the last few weeks of frantic activity have marked a return to the type of liberal democracy established by Jawaharlal Nehru, or whether 19 months of emergency rule have initiated a more authoritarian tradition that will become the new mainstream of Government.

Common front
The shock to Mrs. Gandhi has been the breadth of the hostility she has aroused. The first blow was the decision of the main opposition groups to unite in forming the Janata (People's) Party.

Common front
The shock to Mrs. Gandhi has been the breadth of the hostility she has aroused. The first blow was the decision of the main opposition groups to unite in forming the Janata (People's) Party.



India, the world's largest democracy, has an electorate of 320m. But sheer size, rural poverty, and a literacy rate of only 30 per cent. cause many problems.

Prime Minister; Mr. Charan Singh, an Indian Cobbett who peddles his populist views to the farmers of northern India; Mr. A. E. Vajpayee, the articulate spokesman of the Right-wing Hinduism of the Jan Sangh.

For most villages the appeal to "constitutional liberties" has little meaning. But translated into safeguards against a sterilisation programme that was either unwelcome or feared, it became a tangible symbol of their physical dignity.

Whether the opposition would really be able to repeal the legislation is another matter. It would be under great pressure to do so to demonstrate its credibility. But changes in the constitution require a two-thirds majority, which the Janata is unlikely to obtain on its own.

Whether the opposition would really be able to repeal the legislation is another matter. It would be under great pressure to do so to demonstrate its credibility. But changes in the constitution require a two-thirds majority, which the Janata is unlikely to obtain on its own.

No alternative to AWACS

SOME TIME in the next few weeks member Governments of NATO will have to take a decision that will test to the utmost not only the Alliance's will to defence itself, but also its willingness to act together.

Nimrod
The solution proposed many months ago by the NATO international staff in Brussels is a system known as AWACS (airborne warning and control system) based on a converted Boeing 707 aircraft crammed with electronic equipment. It would be NATO-wide in that, while operating behind NATO lines, it could peer into Warsaw Pact territory from the tip of Norway to the alliance's southernmost flank.

The principal reason why it has not been adopted so far is the reluctance on the part of West Germany to find the money and, to some extent, to be convinced of what AWACS has to offer. The problem, however, has now been becalmed by growing pressure in the U.K. to go for a purely British solution based on the Nimrod.

MEN AND MATTERS

The Britons at Aston Martin

It is now 21 months since a couple of North American businessmen—Peter Sprague, chairman of National Semiconductor, and Canadian George Minden—stepped in to rescue the Aston Martin Lagonda luxury car company.

This has changed with the appointment as managing director of 59-year-old Alan Curtis, an unusual blend of aviation and property expert who owns about a third of the revived Aston Martin company.

That is to its credit, has long been the attitude of the British Ministry of Defence. It cannot, however, hang out indefinitely, continuing to fund the Nimrod programme as a fallback while waiting for the AWACS decision to be taken. Very soon the West German Government will have to make up its mind. There is a Nato solution on the table.

ZDF's choice

The process of picking a new boss for West Germany's second television channel, ZDF, looked a little like choosing a pope. There were plenty of hopefuls, but with no less than 68 people on ZDF's supervisory board, selection was not easy.

Germany's first TV network, ARD, started in 1952, and it was another 11 years before ZDF appeared. Its director for the inception until the present has been Dr. Karl Holzamer, now retiring at the age of 70.

Germany's first TV network, ARD, started in 1952, and it was another 11 years before ZDF appeared. Its director for the inception until the present has been Dr. Karl Holzamer, now retiring at the age of 70.



"Stimpson is our EEC butter mountain expert"

salary will be just over £50,000 a year, though dramatic change would be highly unlikely; for one thing, no television administrator would want to start tinkering with the times of political news programmes which are popular if naturally unadvertised East of the border.

Getting on

"I've led the way by resigning to-day, I'm 70 but I don't feel it." Sir John Davis was speaking at yesterday's annual meeting of Bank Organisation from which, after many fireworks, he was finally retiring.

Germany's first TV network, ARD, started in 1952, and it was another 11 years before ZDF appeared. Its director for the inception until the present has been Dr. Karl Holzamer, now retiring at the age of 70.

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Observer

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COMPANY NEWS + COMMENT

Cope Allman forecasts record £8m.

REPORTING a better-than-forecast pre-tax profit up from £1.92m. to £5.94m. in the first half to December 31, 1976, the directors of Cope Allman International, the packaging, engineering, fashion and leisure group, say they expect the full year total to go ahead from £5.7m. to a record £8m.

First half sales expanded from £55.42m. to £72.36m. after tax up from £205,000 to £2,061,000, net profit increased from £717,000 to £1,880,000.

Earnings per 3p Ordinary share are shown to be up from 1.37p to 4.39p. To reduce disparity with the final, the interim dividend is lifted from 1p to 1.4p net. The directors intend to raise the total from £2,807,000 to the maximum permitted £3,085,000.

Mr. Louis J. Manson, the chairman, told the annual meeting in December that first half pre-tax profit should be around £5.7m. compared with not less than £5.5m. forecast in the annual report.

The directors say the first half improvement has been most marked in the engineering and packaging operations. Turnover has increased in each of these divisions by more than 40 per cent.

The volume of forward orders is encouraging and they are confident that the engineering division will make record profits this year. The packaging division has produced a strong recovery although profits are still lower than before the de-stocking cycle of the past two years.

The directors anticipate that the leisure division will maintain approximately the same high level of profitability as in the previous year. The fashion manufacturing and retailing companies continue to make substantial contributions to profitability. The distribution company, however, is still making losses and management action is being taken to rectify this.

In contrast to previous years, group profits this year will be divided almost equally between the two six-month periods, the directors state.

Group cash facilities are fully adequate to meet foreseeable future financing requirements. First-half exports from the U.K. increased from £5.33m. to £10.2m. with all divisions making substantial contributions.

Legal proceedings in the U.S. against Ethyl Corporation are continuing. Pending the outcome of this action, full provision has been made for all disputed payments and costs are written off as they are incurred.

HIGHLIGHTS

Grindlays has shown a rapid turnaround from the previous year's losses, while Kleinwort Benson has turned in higher profits thanks largely to the banking division where the North Sea interests have made their first contribution. Brooke Bond's mid-term figures are in line with market estimates with profits almost £7m. higher thanks to the tea trading and the U.K. market. Lex also takes a look at the Trust House Forte report which shows the Board to be confident about the group's progress. Elsewhere, Cope Allman appears to be heading for a full recovery to the 1973-74 level with first-half profits 142 per cent higher. Another company well on the road to recovery is East Lancashire Paper with a big turnaround in the second half. Leonard Fairclough continues to push ahead while J. Bibby has cashed in on the bonanza for animal foods after the summer drought. Meanwhile, on the hide front, BSR has made an offer for Judge International.

engineering £11,165 (£7,701) and £11,318 (£5,222); fashion £11,944 (£10,039) and £813 (£848); leisure £12,450 (£1,399) and £1,236 (£1,244); and miscellaneous £2,019 (£1,735) and £180 (£1,251).

A geographical split shows U.K. home sales £42,219 (£34,345) and U.K. exports £10,204 (£6,832) and U.K. profits £4,189 (£2,302); Europe £13,769 (£8,742) and £271 (£1,331); Australia £6,181 (£5,503) and £244 (£340) profits.

• comment

Cape Allman's interim profits have been struck after provisions relating to the Ethyl Corporation proceedings and losses on the bicycle company, which together amounted to over £0.7m. But the pre-tax level is still 142 per cent higher, putting the group on course for a full recovery to the £5.2m. peak of 1973-74. The greatest strides forward have been taken by the packaging side—a £1.7m. turnaround from losses—and the engineering division which saw continued growth from the switchgear side and a sharp recovery by the steel company. Fashion was the only laggard, owing to sagging margins at two of its seven subsidiaries. Following severe internal changes, the group expects to halt the downturn at these in the second half. Beyond the current year the chances of further growth seem good. Overseas demand for fruit machines is strengthening as foreign legislation is being relaxed, while the packaging side should soon benefit from the easing of price controls in France where the group has a cosmetic container company. At 50p, the shares on a prospective p/e of 3.3, yielding 9.3 per cent, may still have some upward potential left.

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LONDON AND STRATHCLYDE

London and Strathclyde Trust has repaid its multi-currency loans of \$4m. A new facility for

pany's prospects than at any time during the past two years. The final dividend is held at 1.75p net per 25p share for an unchanged 2.33p total.

• comment

East Lancashire Paper has fulfilled expectations at the interim stage by more than recouping its first-half losses. Demand improved as the year progressed and particularly in the last quarter, while the currency losses of last spring were not repeated. Meanwhile, the character of the operations seems to be quietly changing: capital expenditure has been shifted up over the last few years and was said to be "substantial" in 1976. And in view of the company's unhappy experience importing raw materials, it may well be that a move has been made towards processing and products using indigenous materials such as clay and waste. In fact, some new grades with higher clay content have already been successfully launched in the autumn. So the results in 1977 may show some benefit from this investment as well as from the continued cyclical improvement in demand and prices of paper products generally. The shares at 44p lifted 10.7 per cent covered 1.4 times by the depressed 1976 earnings.

Exports lift Pentos to record £2.96m.

RECORD PRE-TAX profits for 1976 of £2.96m., 31 per cent ahead of the £2.25m. for 1975, are reported by Pentos. At the halfway stage, the directors announced pre-tax profit up from £1.01m. to £1.07m., and said that profit for the year would be at a new record level and ahead of last year by "a reasonable margin."

Mr. Terry Maher, the chairman, says that the prospects for the group as a whole are better than ever before, and currently trading is at a satisfactory level and is ahead of last year.

Stated earnings are 9.61p compared with 9.43p, and Mr. Maher points out that 1975 benefited from a substantially subnormal tax charge. Adjusting both years to a standard tax charge would produce 1976 earnings of 9.89p against 9.56p, an increase of 35 per cent, he says.

As forecast, the final dividend is 2.54313p net per 10p share, against 2.1838p for a total of 3.54313p (£1.4938p).

The extraordinary credit is mainly in respect of the profit on the sale of the shareholding in Concrete.

Exports during the year amounted to £3.94m., an increase of 71 per cent over 1975. At the year end, total net borrowings (long and short term, and including the convertible un-

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Current dividend	Total dividend
J. Bibby and Sons	2.55	—	3.92	5.85
Brooke Bond (Tea) Int.	0.76	July 1	0.69	—
Capealls	0.8	May 17	0.7	—
F. Cooper (Hedges) Int.	0.8	April 26	0.27	—
Pope Alliman	1.45	July 1	1.59	—
Dech. Steels	1.76	May 6	1.78	2.98
East Lanc. Paper	1.76	—	—	—
Leonard Fairclough	5	July 1	4.75	9
Falcon Mines	2.5	May 12	2.5	—
Grindlays Holdings	2.5	May 10	1.76	2.5
Kleinwort Benson	3.18	May 4	2.63	3.68
Lambert Horwath	1.87	May 10	1.76	2.61
Mercantile Inv.	0.65	May 4	1.17	1.82
Reedwood	2.54	July 2	2.18	3.84
Rosedown Inv. Trst.	—	—	—	—
St. Helena Gold	1.9	April 30	1.88	3.9
Trade Indemnity	60**	May 13	110	170
Dividends shown pence per share net except where otherwise stated	4.77	—	4.94	7.28

Ductile tops £3m. at midway

ON EXTERNAL sales some 50 per cent higher at £27.21m., pre-tax profits of Ductile Steels increased by £1.8m. to £2.5m. in the 26 weeks to January 31, 1977.

Mr. R. Sidaway, chairman, however points out that a substantial

secured loan stock amounted to £2.2m. (£3.5m.). Net current assets were £5.33m., compared with £3.16m.

As known, Pentos acquired the whole of E. E. Jeavons and Co. during the year for a consideration of £1.85m., and disposed of its total shareholding in Concrete for £1.75m. At the date of the acquisition, members are told, the running annual rate of profits of Jeavons roughly equated with the profits attributable to the associate shareholding in Concrete.

Commenting on the current year, Mr. Maher says that the engineering business have a substantially higher order book than this time last year: incoming business is continuing at a high level; output is on a rising trend; and prospects remain good. A major capital expenditure programme has recently been announced, he adds.

He goes on to say that the potential for the system building products in overseas markets, particularly the Middle East, is enormous. Exports amounted to £3.9m. last year against just £2.5m. in 1975. He is confident of substantial further growth in the future overseas, but he adds that the short term outlook for the home market is not encouraging.

Bibby better than expected at £4

AGAINST A FORECAST at half should be in the way that profits for 1976 would be in excess of £5m., pre-tax profit of J. Bibby and Sons rose from £2.11m. to £4.18m. £1m. The directors say a further profit progression in the current year.

At the attributable level, profit advanced from £1.16m. to £2.55m. Earnings on the net basis are shown to be up from 1.37p to 4.39p, and the dividend is stepped up from 3.32p to 5.85p with a stance of £2.53p net per £1 share.

The feeds and seeds division had a particularly good year, doubling the record 1975 holding. The farm products division succeeded in maintaining its trading surplus at a level only a little below the record level achieved in 1975.

The edible oils division maintained the progress made in the first half and showed a marked increase in the year after having made a loss in the previous year. However, with the acquisition of members are told, were achieved after absorbing increased depreciation which amounted to £225,000 resulting from the re-valuation of group properties at the beginning of the year. The directors state that in 1977, the directors expect the farm products division to attain a significantly higher trading surplus than in 1976. Something similar is expected from the acquisition of Broad Acres, but it views the prospects of the feeds and seeds division as slightly less favourable. The other two divisions

Yearlings fall to 10

The coupon rate on this week's issue of local authority yearling bonds has been cut by three quarters of a point to 10 1/4 per cent. The bonds are issued at par and due on March 23, 1978.

The issues are: Allerdale District Council (£1m.), Beverley Borough Council (£1m.), Bradford Metropolitan Council (£1m.), Hart District Council (£1m.), Kyle and Carrick District Council (£1m.), Surrey County Council (£1m.), Brentwood District Council (£1m.), Thurrock Borough Council (£1m.), South Cambridgeshire District Council (£1m.), Harlow District Council (£1m.), Kirkcaldy Metropolitan Borough Council (£1m.), City of Salford (£1m.), Blackburn Borough Council (£1m.), Huddersfield Borough Council (£1m.), West Dorset District Council (£1m.), London Borough of Richmond upon Thames (£1m.), Richmond upon Thames (£1m.), Twickenham District Council (£1m.), Thurrock Borough Council (£1m.), West Oxfordshire District Council (£1m.), North Essex District Council (£1m.), Metropolitan Council (£1m.), Metropolitan Council (£1m.).

Members are told that the new mills at Dudley East Rolling Mills and Ductile Cold Mill, as well as the nylon-coated tube line at Monmore Tubes, have all been commissioned and are now in production.

• comment

A lot of the progress at Ductile Steels is due to stock prices and steel prices increasing. About half the 52.2 per cent increase in turnover can be attributed to price rises during the first half. This leaves a volume rise of about a quarter against a very depressed previous period. Stock prices amounted to roughly £1m. so that the underlying profit trend is about 33 per cent higher than last time. The two special factors are unlikely to recur in the second half but interest charges—inflated by higher stocks at the end of last year—are unlikely to stay falling. After some recovery from depressed levels, the underlying trend is still uncertain and there is still about a fifth of capacity unused. So, until things perk up, the shares are unlikely to move much. At 125p (dividend 3p), the maximum yield is just under 6 per cent. Four-year profits of East Fife District Council (£1m.) has around £5m. look possible for a Tameside Metropolitan Borough Council (£1m.). Metropolitan Council (£1m.).

Trust Houses Forte Limited

Results:	1975/76	1974/75	%
	£m	£m	Increase
Trading Receipts	451.7	369.8	22%
Trading Profit	40.5	30.2	34%
Profit before Taxation	23.7	13.3	78%
Profit after Tax and minority interest	10.6	5.9	80%
Earnings per share	11.75p	6.84p	72%

Extracts from the Chairman's Statement

... the Company continues to show improved results and the future looks promising ...

... Profit before taxation of £23.7 million is 78% higher ...

... we have acquired 35 hotels from J. Lyons & Co. Ltd. ... The Company is strengthening its position in the United States still further by the acquisition of the Knott Hotels Corporation ... During the year our stockholding in Travelodge International Inc. was increased to 95% ...

... the industry provides jobs for 1,300,000 people in this country and is the fourth largest employer of labour ...

... current trading has got off to a good start ...

Extract from the Annual Report for the period ended 31st October, 1976. Copies of the Report can be obtained from The Secretary, Trust Houses Forte Limited, 1 Jermyn Street, London SW1Y 4UH.

THF have over 800 hotels and 3,000 catering establishments worldwide

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(0385) 62561 041 221 6164 051 236 0341

Demand for Halls aluminium Denon is buoyant, says Mr. Maher, and the group hopes to repeat its U.K. retailing successes in North America, initially through an agreement which has been finalised with the largest U.S. retail chain.

The publishing programme is further advanced than usual at this time of the year, Mr. Maher says, and export prospects are good. The mass market products—mainly children's books and jigsaws—are expected to make a substantial recovery from the relatively poor results for 1975. The expansion of the retailing activities continues, he adds, and four new branch shops will be opened within the next two months.

	1976	1975
Turnover	26,639	26,374
Operating profit	14,018	12,611
Profit before tax	7,357	6,582
Finance charges	1,154	1,078
Profit after tax	6,203	5,504
Share dividend	25	172
Interest	188	192
Profit before tax	2,964	2,594
Finance charges	475	446
Profit after tax	2,489	2,148
Finance charges	43	194
Profit after tax	1,408	1,254
Finance charges	1,182	979
Profit after tax	287	275
Finance charges	1,530	1,210
Profit after tax	129	129
Finance charges	616	1,201
Profit after tax	475	475
Finance charges	477	1,183
Profit after tax	0	0
Finance charges	301	323
Profit after tax	1,404	730

* Includes deferred tax charge £72,900 (credit £108,000). † Debits.

• comment

Although publishing is still the main profit earner at Pentos, the growth centre is the garden and leisure side. Profits from this have doubled in two years and the £218,000 at the year-end was arrived at after a £1m. marketing drive. The benefits of this are not just coming through: between next autumn and spring there will be a big U.S. push through Sears Roebuck's stores and catalogue. On the engineering side, the apparently doubled profits are due almost solely to the inclusion of Akerman and Jeavons' full profits for the first time, but the benefit is offset by the sale of Concrete Ltd. The balance-sheet is looking stronger, with net borrowings representing 30 per cent of the enlarged shareholders' funds against 31 per cent a year previously. The fluctuating tax-charge makes comparison difficult but, assuming a normal tax charge, the shares show a p/e at 55p of 6.4.

Rent reviews?

It's a question of reading between the lines.

Negotiating rent reviews of commercial tenancies is a complex matter involving much more than an assessment of present day market rental values.

Take the right line—take professional advice

Richard Ellis, 64 Cornhill, London EC3V 3PS. Telephone: 01-283 3090

Richard Ellis
Chartered Surveyors

Robeco Invests in strength

Highlights from the Annual Report 1976

- Even more emphasis laid on investment in stronger countries.
- Assets invested in America (39%) and Japan (14%) up—in Europe down.
- Listing in Tokyo brings Stock Exchanges quoting ROBECO shares to 20.
- Shares again much in demand 1,750,000 new shares issued.
- Total assets up from 2,963 mil £1,033 million.
- Final stock distribution of 3% recommended, with cash alternative of Fls 5.20.

Copies of the Annual Report 1976 and an explanatory booklet are available from the Com.

DEPT. 1241 P.O. BOX 973 ROTTERDAM HOLLAND



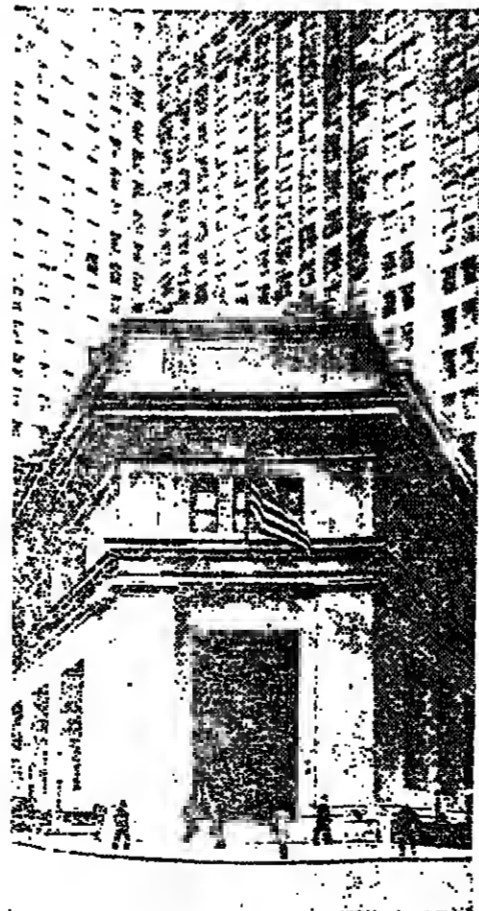
Corporate Research analysts at Morgan Guaranty are industry specialists. Visiting an aircraft manufacturer are three in the transportation field: Richard Johnson, Carol Hallingby, David Jeffrey.

If you're considering expansion in the U.S. market, consider Morgan Guaranty

Increasingly, companies throughout Europe are making sizeable commitments in the United States, whether through acquisition, merger, joint venture, or the opening of their own plants. And increasingly, companies considering a move in the U.S. market turn to the specialists in international corporate banking, Morgan Guaranty. If expanding in the U.S. is on your agenda, talk to Morgan in any of the world's key financial centres. We can help you every step of the way.

Consider Morgan's unique Corporate Research Department. It can provide you with an in-depth analysis of the industry you're looking at in the U.S. Who will be your main competitors and where are they located? What regulatory policies do you face at federal, state, and municipal levels? Is your plan financially feasible?

If you are interested in prospective partners, or are considering an acquisition, Morgan Guaranty's Financial Services Department will help you find and evaluate compatible companies. We'll also put you in touch with



legal and accounting advisers when appropriate.

When it comes to financing your moves in the U.S., Euro-currency specialists at every Morgan office can provide an extraordinary range of assistance. Whatever the size of your transaction, our experience in forming multibank lending groups means we can arrange financing fast—without premature disclosure of your plans.

If your company is considering increased activity abroad, consider Morgan Guaranty. We're already helping most of the world's largest corporations, and many smaller ones, too.

MORGAN GUARANTY TRUST COMPANY, 23 Wall Street, New York, N. Y. 10015; IN LONDON: 33 Lombard Street, E. C. 3; 31 Berkeley Square, W. 1. • BANKING OFFICES: Paris, Brussels, Antwerp, Amsterdam (Bank Morgan Labouchere), Frankfurt, Düsseldorf, Munich, Zurich, Milan and Rome (to open in 1977), Tokyo, Singapore, Nassau • REPRESENTATIVE OFFICES: Madrid, Beirut, Sydney, Hong Kong, Manila, São Paulo, Caracas • INTERNATIONAL BANKING SUBSIDIARIES: San Francisco, Houston, Miami (to open in spring 1977), Toronto (J.P. Morgan of Canada) • Incorporated with limited liability in the U.S.A.

Morgan Guaranty - the corporate bank

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Essex Water Company

Mr. A. W. White's statement to Stockholders

The Drought

The long dry summer of 1975 to which I referred in my last statement was followed by an abnormally dry winter and in the summer of 1976 we experienced very hot weather with very little rain over a long period which resulted in a drought, the severity of which had not been experienced for centuries. Despite the supply problems which this drought presented, the only restriction on supplies imposed by the Company was a short term ban on the use of hosepipes by non-metered consumers. It was in fact necessary for the Company to impose this ban to comply with the terms of a bulk supply agreement with an adjoining Regional Water Authority. I refer again to this matter towards the end of my statement. As the Company had the foresight to provide adequate water storage and treatment capacity in past years, more stringent measures were not called for. Our consumers too played their part by readily responding to appeals to reduce consumption and the Company wish to express their appreciation of this.

Rainfall statistics suggest that a recurrence of the recent drought is unlikely for many years and it would be extravagant to construct works and storage facilities which would provide for such an extreme climatic contingency. With the experience of 1976, I am satisfied that the Company would be able to meet demands in any future drought period with the minimum of inconvenience to consumers.

Water Rates and Charges

The standard domestic water rate charged throughout 1976 remained at the rate fixed on 1st July, 1975, namely 6.32p in the £ on net annual value, with a differential rate of 25% above standard in the areas formerly supplied by Southend Waterworks Company and the Borough of Maldoo.

The standard charge for metered supplies was increased from 51.40p to 57.16p per 1000 gallons as from 1st April, 1976 with differential charges of 25% above standard in the areas formerly supplied by Southend Waterworks Company, the Borough of Maldoo and Maldon Rural District Council and 15% above standard in the area formerly supplied by the Borough of Chelmsford.

Having held the domestic rate steady for 21 and the metered rate for 12 months, small increases to both rates appear to be unavoidable from 1st April, 1977 due to continued inflation in costs, especially of fuel and power and of materials and services purchased by the Company. The Company will continue to restrict expenditure wherever possible, always bearing in mind, however, its statutory obligation to provide an adequate supply of wholesome water.

Capital Expenditure

Capital expenditure during the year amounted to £2,241,000 and the net expenditure to 31st December, 1976 now totals £44,725,000. The improvements to the North Essex Works at Layer-de-la-Haye, officially opened on 1st October, 1976 by Col. Sir

John Ruggles-Brise, Lord Lieutenant of Essex, together with the recent Hanningfield extensions, enabled full use to be made of water provided under the Ely Ouse Scheme. Electrification of Layer-de-la-Haye pumping station, a former coal fired station, is nearing completion. Improvements in the distribution system to which I referred last year were duly completed and, as a result, no major difficulties were experienced during the drought.

Changes in Capital

An issue of £4,000,000 of 9% redeemable preference stock, 1982 was made on 23rd November, 1976 at an average price of £94.898 per £100 of stock. From the proceeds of this issue, £3,000,000 of 7% (formerly 10%) preference stock, 1976 was redeemed on 31st December, 1976 and the balance will be used to finance the continuing programme of capital expenditure on improving and extending, as may be necessary, existing works and mains.

Reorganisation of the Water Industry

The Government have now published plans for far reaching changes in the structure of the water industry which was reorganised in large measure less than three years ago. Plans include nationalisation of the statutory water companies, although no attempt is made to justify this, other than on general political grounds and with the bald statement that the continued existence of the companies is anomalous. Approximately one quarter of the population of England and Wales is supplied by water companies and during the recent drought it is significant that out of one of the companies had to resort to standpipes. Furthermore, no water company imposed any more serious restriction than the banning of hosepipes, whilst others imposed no restrictions whatsoever. Despite inferences to the contrary, the Company and Regional Water Authorities work happily together. During the period of most severe shortage our Company, having imposed a ban on the use of hosepipes referred to earlier, were able to accept a reduction of 2 million gallons a day in raw water supplied under agreement by a Regional Water Authority, so that relief could be given by them to an area of extreme shortage.

The Company will oppose this threat of nationalisation, unsupported as it is by any practical reasoning, in conjunction with other statutory water companies and the Water Companies' Association.

General

I take this opportunity once again to thank my fellow directors for their continuing help and advice throughout the year.

It would, no doubt, be your wish to thank the staff for their loyal, willing and splendid service throughout another testing year. It is interesting to record that of our 1,046 employees, 134 have served the water industry for more than 25 years; a record of which the Company is justly proud.

Tea price increase helps Brooke Bond to £16.8m.

IN THE six months to end December, 1976, pre-tax profits of Brooke Bond Ltd. advanced from £10.25m. to £16.8m. and the directors say that, given continuing stability in exchange rates and maintained profit margins, they still expect a satisfactory increase in full-year profits compared with the record £24.53m. achieved for 1975-76.

First-half sales expanded from £27.89m. to £34.91m. with most of the increase arising in the U.K., North America, Asia and Africa.

The increase in profits was evenly divided between the U.K. and overseas, say the directors. All significant trading activities in the U.K. produced higher profits. Overseas the improvement came mainly from Africa and Asia, with a small net gain from other areas.

The higher value of tea resulting from a change in the balance of world supply and demand in favour of the producing countries was an important but not the only factor in the improved results, members are told.

The interim dividend is 0.78625p net per 25p share compared with 0.8575p costing 141.42m. Last year's total was 2.4745p.

Turnover increased by £1.8m. to £34.91m. for the half-year to 31st December 1976, to a profit of £16.8m. before tax for six months ended January 31, 1977, was achieved by Frederick Cooper (Holdings) and the Board says it has confidence that profitability will continue.

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Gross income for the nine months to February 28, 1977 at £16.8m. compared with £17.93m.

Profit at halfway for F. Cooper

A TURNAROUND from a loss of £7.612 for the half-year to 31st December 1976, to a profit of £16.8m. before tax for six months ended January 31, 1977, was achieved by Frederick Cooper (Holdings) and the Board says it has confidence that profitability will continue.

Lambert Howarth setback

A second half setback resulted in pre-tax profits of shoe and accessories manufacturers, Lambert Howarth Group finishing 1976 with a figure £24,368 adrift at £37,225, after a virtually unchanged £37,225 was reported at midway.

Electric and General Inv.

Turnover for the year amounted to £11.55m. (£11.09m.) and profit against after depreciation of £194,004 (£177,152). Earnings per 25p share declined from 8.9p to 7.1p and the final dividend is 1.57p net for a 2.57p (2.11p) total.

Leonard Fairclough tops £5.9m.

CIVIL ENGINEERING and building contractors, Leonard Fairclough has entered 1977 with "good workload" at prices to which it can work, the Board states, revealing record pre-tax profits of £5.95m. for 1976 against £4.97m. for 1975. Profit at halfway was £1.26m. compared with £0.94m.

The directors add that the group is considered to be in an efficient state for present, and anticipated trading conditions.

They also propose to increase the company's borrowing powers to twice the aggregate of share capital and reserves and also to increase the capital from £4m. to £16.25m. by a scrip issue of three-for-one.

It is proposed to change the name of the group to Fairclough Construction Group.

Stated earnings per 25p share were basic 30.6p (28.4p) and fully diluted 29.6p (27p). Dividend for the year is 9p net, the maximum permitted, against 8.25p, with a final of 5p (4.75p).

McLeod Russel to pay 10p

McLeod Russel, the tea-brewing company, announced yesterday that it has been informed by the Treasury that it is not covered by U.K. dividend controls because it is mainly engaged in operations outside the U.K. This follows the news of a similar exemption for Incheape, the international trading group.

News of the dividend increase came too late to affect McLeod Russel's share price, which closed unchanged at 225p.

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NAME CHANGE FOR LAWRENCE PLANT

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Assets at L & Pensi

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These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only

15th March, 1977

Murata

Murata Manufacturing Company, Ltd.

(Kabushiki Kaisha Murata Seisakusho)

4,000,000 Shares of Common Stock (par value ¥50 per share)

represented by Continental Depository Receipts

ISSUE PRICE U.S. \$4.02 PER SHARE

Nomura Europe N.V. Robert Fleming & Co. Limited

Société Générale

Algemene Bank Nederland N.V. Amsterdam-Rotterdam Bank N.V. Associated Japanese Bank (International) Limited

Bache Halsey Stuart Inc. Banca Commerciale Italiana Banco di Roma Bank Len International Ltd. Bank Mees & Hope NV

Bank of America International Bankers Trust International Banque Bruxelles Lambert S.A. Banque Générale du Luxembourg S.A. Limited

Banque de l'Indochine et de Suez Banque Nationale de Paris Banque de Neufize, Schlumberger, Mallet

Banque de Paris et des Pays-Bas Banque Rothschild Banque de l'Union Européenne Baring Brothers & Co. Limited

Bayrische Vereinsbank Berliner Handels- und Frankfurter Bank James Capel & Co. W. I. Carr, Sons & Co. (Overseas) Ltd.

Cazenoave & Co. (Overseas) Christiania Bank og Kreditkasse Citicorp International Group County Bank Limited

Crédit Commercial de France Crédit Industriel et Commercial Crédit Lyonnais Credit Suisse White Weld Limited

Dai-ichi Kangyo Bank Nederland N.V. Daiwa Europe N.V. Den norske Creditbank Deutsche Girozentrale

The Development Bank of Singapore Dewmay & Associés International S.C.S. Dillon, Read Overseas Corporation

Dresdner Bank Aktiengesellschaft European Banking Company First Boston (Europe) Limited Foji Kleinwort Benson Limited

Goldman Sachs International Corp. Hambros Bank Hesseische Landesbank Girozentrale Hill Samuel & Co. Limited

Jardine Fleming & Company Limited Kleinwort, Benson Kredietbank S.A. Luxembourgeoise

Kahn, Loeb & Co. Asia Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) Lazard Brothers & Co. Limited

Lazard Frères et Cie Manufacturers Hanover Merrill Lynch International & Co. Samuel Montagu & Co. Limited

Morgan Grenfell & Co. Nederlandse Middenstandsbank N.V. Nederlandse Credietbank N.V. New Japan Securities Co., Ltd.

The Nikko Securities Co. (Europe) Ltd. Nippon European Bank S.A. The Nippon Kangyo Kakumaru Securities Co., Ltd.

Nomura International (Hong Kong) Ltd. Okasan Securities Co., Ltd. Sal. Oppenheim Jr. & Cie. Osakaya Securities Co., Ltd.

Peterbroeck, van Campenhou, Kempen S.A. Pierson, Helling & Pierson N.V. N. M. Rothschild & Sons Rothschild Bank AG


Salomon Brothers International Sanyo Securities Co., Ltd. J. Henry Schroder Wagg & Co. Singapore Nomura Merchant Banking Limited

Smith Barney, Harris Upham & Co. Incorporated Société Générale de Banque S.A. Strauss, Turnbull & Co. Limited

Sumitomo Finance International Swiss Bank Corporation (Overseas) Trident International Finance Limited

Verelins- und Westbank Aktiengesellschaft Vickers, de Costa & Co. Ltd. Wako Securities Company Limited S. G. Warburg & Co. Ltd.

Wardley Limited Wood Gundy Limited Westfälische Landesbank Girozentrale Yamachi International (Europe) Limited Yamatane Securities Co., Ltd.



Cope Allma International Limited

An international group of companies engaged in packaging, engine fashion and leisure.

Interim results (unaudited) for the half year to 31st December, 1

	6 months to 31.12.76	6 months to 31.12.75	Year to 31.12.75
	£000's	£000's	£000's
Group Sales	72,364	55,425	110,615
Profit before Taxation	3,936	1,622	5,122
Earnings Attributable	1,683	715	2,222
Earnings per Share	4.39p	1.87p	5.7p

Exports to non-Group customers rose 50% to over £10 million during the half year. Profit before taxation for the full year is fore to be about £8 million.

An interim dividend was declared of 1.4p (1976—1.0p). It is Directors' intention to declare dividends for the year total 3.0886p (1976—2.8078p)—the maximum permitted under current legislation.

27 Hill Street London

Rotaflex

Rotaflex (Great Britain) Ltd.

"Pre-tax profits increased by 78.1%"

	1976	1975
TURNOVER	£13,821,700	£8,775,500
PROFIT BEFORE TAXATION	£1,135,900	£637,700
EARNED FOR SHAREHOLDERS	£466,600	£164,500

	1976	1975
DIVIDEND PER SHARE (NET)	0.8669p	0.7881p
EARNINGS PER SHARE	5.1p	1.8p

"...although factors outside the company's control, particularly those of inflation and currency fluctuations, are unlikely to improve substantially, the level of orders to date indicate that the company should show a further improvement in the results for 1977."

MICHAEL FRYE, CHAIRMAN

The Annual Report and Accounts are available from the Secretary, Rotaflex (Great Britain) Ltd., Rotaflex House, 241 City Road, London EC1P 1ET.

100/150

Grindlays Holdings nears 30m.—pays 2.5p

PROVIDING for doubtful assets to the division, Grindlays Holdings reported pre-tax profits of £25.7m. for 1976 compared with £25.7m. for 1975. A further £25,000 (loss) was included in the year-end results. The company's net revenue was £11.44m. (1975: £11.44m.) and its net profit was £25.7m. (1975: £25.7m.) The company's net revenue was £11.44m. (1975: £11.44m.) and its net profit was £25.7m. (1975: £25.7m.)

Capseals forecasts peak £1.2m.
MORE THAN a full profit recovery to some £1.2m is forecast by packaging component manufacturers Capsesals for 1977. The profit for 1976-77 was £10.8m and for 1977-78 a record £12m. Pre-tax profit for the six months ended December 31, 1976, was £252,000 against £270,000. The directors add that the order book is satisfactory and the level of activity at all the group's subsidiaries is high. They say that the cash position of the company remains strong and consider that resources are sufficient to finance their planned £21.1m. expansion programme. Turnover for the half-year increased slightly to £8.5m from £8.2m.

Einwort Benson over £6.5m.
AFTER tax for 1976 of steady growth trend which they reported last year, Einwort Benson Ltd. has reported a record £6.5m. profit for the year. The company's net revenue was £11.44m. (1975: £11.44m.) and its net profit was £25.7m. (1975: £25.7m.)

British American and Gen.
As the equity market in the U.K. fell during 1976, British American and General Trust in leading companies were the only ones to show a rise in the year. The directors decided to bring some funds back from overseas, and £800,000 was withdrawn from Europe. During the year almost £1.7m. was added to the U.K. fund. Nevertheless, the overseas element of the portfolio increased from 24.6 per cent. to 25.1 per cent. due to the relatively better performance of overseas markets and the fall in the value of sterling, they said. As known, gross revenue of the trust during 1976 was £12.5m. compared with £12m. and pre-tax profit increased from £1.4m. to £1.2m. Dividends paid totalled 1.4p net per 25p share. On July 1, 1976, £24,555 of 4 per cent. convertible unsecured loan stock was converted into ordinary stock units. Further should reflect the substantial conversions can be expected this year, says Mr. W. H. Conroy, the chairman. Investments are shown at £23.08m. (£20.09m.) with unrealised appreciation at £8.92m. (£3.73m.). Cash and short-term deposits fell by £2.17m. (£0.51m.). Meeting, Fenchurch Street, E.C., April 1 at 11.30 a.m.

Optimism at Law Debenture
The first two months of 1977 have again indicated a continuing demand for the services of the Law Debenture Corporation as an independent trustee, and based on current enquiries, the company expects 1977 to be in excess of £100,000, compared with £101,165, the directors state. During 1976, the Corporation accepted a record number of new trusteeships, the majority of which consisted of Eurobond issues. The fees from these will, in a full year, at current rates produce over £35,000, say the directors. Total income for 1976 was £11.5m. against £10.5m., and net revenue increased from £252,844 to £496,266. Dividends totalled 4p net per 25p share (as reported on February 19). In May, 1976, an agreement was concluded with Baring Brothers and Co. for the transfer to the Corporation of the great majority of their trusteeships for corporate borrowers, members are told. Baring Brothers acts as financial advisers to most of the companies concerned, and the directors would be more satisfactory if their trustee business were transferred to a completely independent trustee. Investments at the year end totalled £12.61m. against £12.32m. and there was an unrealised surplus on investments of £5.32m. (£5.98m.). Working capital increased by £247,212, compared with a decrease of £614,338. Meeting, 66, Gresham Street, E.C., April 7 at 9 p.m.

KINLOCH REDEMPTION
Kinloch (Provision Merchants) a subsidiary of Booker McConnell, propose to redeem its 22 per cent. Unsecured Loan Stock 1985-1992 at £86 per £100 nominal to together with accrued interest. A meeting of stockholders has been convened for April 7 to approve the necessary resolution to implement the proposal.

FAIRCLOUGH
THE COMPLETE CONSTRUCTION COMPANY
Year ended 31st December, 1976

	1976	1975
	£'000	£'000
Revenue	163,471	147,672
Profit before taxation	5,954	4,973
Profit after taxation	2,828	2,394

Dividends per Ordinary share (basic) 30.6p 28.4p
Dividend per Ordinary share 9.0p 8.25p

Leonard Fairclough Limited
TUNNELLING • SURFACE MINING
MECHANICAL ENGINEERING

BIDS AND DEALS
BSR agrees £1.7m. for Judge
BSR has made an agreed £1.7m. bid for the loss-making Judge Industrial Housewares concern. The directors of Judge and their families intend to accept the offer of 25p in cash a share in respect of their own holdings of 13 per cent. of the equity. The offer compares with a price of 11p yesterday morning. BSR has built up a consumer pre-tax profit of £28.7m. in conjunction with a £15m. rights issue, is primarily a manufacturer of record changer and record player mechanisms.

Record exports at T & N
A RECORD export total of £71.8m. was achieved by Turner and Newall in 1976, representing 26.6 per cent. of total U.K. sales, and an increase of 33 per cent. on the £54.5m. for 1975. Group exports made a significant contribution to profits of the company, all of which were achieved record overseas sales. The export performance reflected the opportunity presented by the fall in sterling's exchange rate with most other currencies, say the directors.

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TUNNELLING • SURFACE MINING
MECHANICAL ENGINEERING

U.K. tourist boom helping to lift Trust Houses

TURNOVER at Trust Houses is currently running ahead of budget and is considerably better than the previous comparable period, according to Sir Charles Forth, chief executive. He expected the group to have a very good year over the current trading period. Forward bookings were also "very good" with the Silver Jubilee celebrations giving an added impetus to business, he told a press conference. The group was still on the lookout for expansion overseas. This was being done to finalise a deal for the sale of the group's minority stake in Thomas Cook to controlling shareholders, The Midland Bank. While the final price had yet been fixed, this could bring in between £4m. and £5m. in the form of cash or shares. There had been no further approach from Allied Breweries concerning the future of its 21 per cent. stake in THF. In his annual statement, the chairman, Lord Thorneycroft, said that the trade union increase in the flow of tourists to Great Britain, especially to London, had helped Trust Houses Forth, and looks like continuing to do so.

BABCOCK OFFER 'LUDICROUS' SAYS H. MORRIS
Shareholders in Herbert Morris & Co. urged by their Board not to accept the 146p cash per share take-over bid from Babcock and Wilcox on the basis that it is "ludicrously low". In an official rejection document, the Morris Board states that Babcock has "nothing to offer Morris which we cannot achieve ourselves by a consumer products side which accounted for £22m. of total turnover of £137m. last year and £2m. of the total trading profits of £29.5m. BSR has built up a consumer pre-tax profit of £28.7m. to losses of £288,000 last year and in the first six months to end December the Board is now expecting losses of £280,000 against £284,000. The second half is expected to be "satisfactory". The activities of BSR's consumer division are described as being unrelated to Judge's principal businesses which are the manufacture and sale of vitreous enamel, stainless steel, aluminium and copper cookware and plastic houseware. BSR's financial strength will enhance the development of Judge's business. It is intended that, on the offer becoming unconditional, Mr. L. Ressler will retire as chairman and remain as Judge's managing director and that two non-executive directors of Judge will resign. News of the offer was first reported in the press yesterday. BSR has been advised by Morgan Grenfell and Judge by Lazard Brothers.

BLACK & EDGINGTON MOVE INTO CARAVANS
Black and Edgington, the Scottish based camping and holiday group, has agreed terms for the acquisition of A-Line Caravans of Hull. Pre-tax profits of A-Line for the year to October 31, 1976 were £225,000 and in the current year are expected to reach £225,000. The acquisition of A-Line Caravans of Hull, which is expected to exceed £725,000, is approximately £138m. to be satisfied by the issue of 500,000 Ordinary stock units in B and E. £180,000 in cash. The units will not rank for the final dividend for 1976. A further consideration of £650,000 will be paid in shares or cash as agreed between the two parties. If the forecast profit is achieved, an appropriate formula for adjusting the additional consideration has been agreed. Net assets being acquired are £1.1m. and £1.2m. and the leading manufacturers of camping equipment in the U.K. already have an interest in the caravan industry as a motor trailer or caravan owners under the trading name Poulard. The purchase price was not disclosed. Caleon is a subsidiary of Merck and Co. Carafos is a food phosphate treatment for the meat processing industry and is a "natural extension" of Ereo's food phosphate sector.

FCC BUYS FRENCH CHINA CLAY DEPOSIT
English China Clays in association with existing producers in Brittany, has acquired a china clay deposit at Berrien. A subsidiary of English China Clays, the Berrien Clay Deposit, has been formed to operate the deposit. Although previous owners produced china clay for the paper industry from this deposit, FCC, by developing the deposit, has increased the size of the deposit and has made it more suited for the ceramic market. The purchase price was not disclosed. Caleon is a subsidiary of Merck and Co. Carafos is a food phosphate treatment for the meat processing industry and is a "natural extension" of Ereo's food phosphate sector.

IPC SALE
The IPC subsidiary, Cahners Publishing Company of Boston, U.S., has sold one of its 26 journals, Electric Light and Power, to Technical Publishing Company of Barrington, Illinois. W. E. NORTON
W. E. Norton (Holdings) has acquired, for a nominal sum, the capital of T. Norton and Company, Birmingham. T. Norton distributes engineers' supplies and manufactures a wide range of presses.

SHARE STAKES
Yule Catto and Co. has been informed by Kuala Lumpur Ordinary shares, an increase of 24,000 on the previously disclosed number. Kuala Lumpur also owns £7,059 of 11 per cent. Convertible Unsecured Loan Stock 1985-1992. W. F. North have been informed by Bishopsgate Property and General Investments that it has disposed of its interest which amounted to 20 per cent. of the Ordinary shares. Deneb Investments (Jersey) and Transmonte have advised London and European Group that as a result of its recent disposal of 98,425 Ordinary shares, the company no longer has a notifiable interest. Jrethart Holdings has purchased 30,000 Ordinary shares in Western Bank of England, bringing its total of 212,000 (19.31 per cent.) shares.

ASSOCIATES DEAL
Merrill Lynch, Pierce, Fenner & Smith Inc. has announced that on the instructions of their clients, Van Cutsem and associates, who are acting as associates of C. H. Industrials, they purchased on March 11, 7,500 Better Group Ordinary shares at 41p.

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TURNOVER at Trust Houses is currently running ahead of budget and is considerably better than the previous comparable period, according to Sir Charles Forth, chief executive. He expected the group to have a very good year over the current trading period. Forward bookings were also "very good" with the Silver Jubilee celebrations giving an added impetus to business, he told a press conference. The group was still on the lookout for expansion overseas. This was being done to finalise a deal for the sale of the group's minority stake in Thomas Cook to controlling shareholders, The Midland Bank. While the final price had yet been fixed, this could bring in between £4m. and £5m. in the form of cash or shares. There had been no further approach from Allied Breweries concerning the future of its 21 per cent. stake in THF. In his annual statement, the chairman, Lord Thorneycroft, said that the trade union increase in the flow of tourists to Great Britain, especially to London, had helped Trust Houses Forth, and looks like continuing to do so.

BABCOCK OFFER 'LUDICROUS' SAYS H. MORRIS
Shareholders in Herbert Morris & Co. urged by their Board not to accept the 146p cash per share take-over bid from Babcock and Wilcox on the basis that it is "ludicrously low". In an official rejection document, the Morris Board states that Babcock has "nothing to offer Morris which we cannot achieve ourselves by a consumer products side which accounted for £22m. of total turnover of £137m. last year and £2m. of the total trading profits of £29.5m. BSR has built up a consumer pre-tax profit of £28.7m. to losses of £288,000 last year and in the first six months to end December the Board is now expecting losses of £280,000 against £284,000. The second half is expected to be "satisfactory". The activities of BSR's consumer division are described as being unrelated to Judge's principal businesses which are the manufacture and sale of vitreous enamel, stainless steel, aluminium and copper cookware and plastic houseware. BSR's financial strength will enhance the development of Judge's business. It is intended that, on the offer becoming unconditional, Mr. L. Ressler will retire as chairman and remain as Judge's managing director and that two non-executive directors of Judge will resign. News of the offer was first reported in the press yesterday. BSR has been advised by Morgan Grenfell and Judge by Lazard Brothers.

BLACK & EDGINGTON MOVE INTO CARAVANS
Black and Edgington, the Scottish based camping and holiday group, has agreed terms for the acquisition of A-Line Caravans of Hull. Pre-tax profits of A-Line for the year to October 31, 1976 were £225,000 and in the current year are expected to reach £225,000. The acquisition of A-Line Caravans of Hull, which is expected to exceed £725,000, is approximately £138m. to be satisfied by the issue of 500,000 Ordinary stock units in B and E. £180,000 in cash. The units will not rank for the final dividend for 1976. A further consideration of £650,000 will be paid in shares or cash as agreed between the two parties. If the forecast profit is achieved, an appropriate formula for adjusting the additional consideration has been agreed. Net assets being acquired are £1.1m. and £1.2m. and the leading manufacturers of camping equipment in the U.K. already have an interest in the caravan industry as a motor trailer or caravan owners under the trading name Poulard. The purchase price was not disclosed. Caleon is a subsidiary of Merck and Co. Carafos is a food phosphate treatment for the meat processing industry and is a "natural extension" of Ereo's food phosphate sector.

FCC BUYS FRENCH CHINA CLAY DEPOSIT
English China Clays in association with existing producers in Brittany, has acquired a china clay deposit at Berrien. A subsidiary of English China Clays, the Berrien Clay Deposit, has been formed to operate the deposit. Although previous owners produced china clay for the paper industry from this deposit, FCC, by developing the deposit, has increased the size of the deposit and has made it more suited for the ceramic market. The purchase price was not disclosed. Caleon is a subsidiary of Merck and Co. Carafos is a food phosphate treatment for the meat processing industry and is a "natural extension" of Ereo's food phosphate sector.

IPC SALE
The IPC subsidiary, Cahners Publishing Company of Boston, U.S., has sold one of its 26 journals, Electric Light and Power, to Technical Publishing Company of Barrington, Illinois. W. E. NORTON
W. E. Norton (Holdings) has acquired, for a nominal sum, the capital of T. Norton and Company, Birmingham. T. Norton distributes engineers' supplies and manufactures a wide range of presses.

SHARE STAKES
Yule Catto and Co. has been informed by Kuala Lumpur Ordinary shares, an increase of 24,000 on the previously disclosed number. Kuala Lumpur also owns £7,059 of 11 per cent. Convertible Unsecured Loan Stock 1985-1992. W. F. North have been informed by Bishopsgate Property and General Investments that it has disposed of its interest which amounted to 20 per cent. of the Ordinary shares. Deneb Investments (Jersey) and Transmonte have advised London and European Group that as a result of its recent disposal of 98,425 Ordinary shares, the company no longer has a notifiable interest. Jrethart Holdings has purchased 30,000 Ordinary shares in Western Bank of England, bringing its total of 212,000 (19.31 per cent.) shares.

ASSOCIATES DEAL
Merrill Lynch, Pierce, Fenner & Smith Inc. has announced that on the instructions of their clients, Van Cutsem and associates, who are acting as associates of C. H. Industrials, they purchased on March 11, 7,500 Better Group Ordinary shares at 41p.

MONEY MARKET
MLR on Friday, particularly with regard to the 100-day bill issued last Friday reserving the right to override the market related formula. The Bank of England gave no indication of any change in its three-month Treasury bills were 10.41 per cent., compared with 10.41 per cent., compared with 10.41 per cent. in the London money market yesterday. Discount houses buying rates for three-month Treasury bills were 10.41 per cent., compared with 10.41 per cent. in the London money market yesterday. Discount houses buying rates for three-month Treasury bills were 10.41 per cent., compared with 10.41 per cent. in the London money market yesterday.

Dividend outlook at A-A Securities
The estimate of income for the current year at Angin-American Securities Corporation, a U.S. company, will be maintained. The estimate of income for the current year at Angin-American Securities Corporation, a U.S. company, will be maintained. The estimate of income for the current year at Angin-American Securities Corporation, a U.S. company, will be maintained.

Rosedimond Trust
Total income of Rosedimond Investment Trust for the year to January 31, 1977, amounted to £42,703 compared with £44,353 and after expenses of £22,611 against £21,004, pre-tax revenue fell from £24,370 to £21,092. However, reduction in the tax charge from £2,043 to £1,838 resulted in increased earnings per 25p share of 3.79p (3.67p). A second interim dividend 1.5p net in cash will be paid on April 30. At January 31 the net asset value per capital share was 64.4p (75.3p).

Uptrend continues at Rank
THE IMPROVED profit trends which were developing at Rank Organisation in the second half of last year have continued into the current year, said Sir John Davis, the retiring chairman, at the annual meeting yesterday. At the end of the first 16 weeks, they were ahead of budget, which was an encouraging start to the year. Sir John told shareholders that, since the beginning of the year, the group had agreed the sale of assets for £13m. which £3m. had been completed. These sales were in excess of book value and of the valuation made at the end of the financial year in October. Since the end of the past financial year, horizontal has been cut by £12m. and lines of credit of £48m. which had fallen due had been renewed. With our materially reduced capital expenditure programme, we are unlikely to have a liquidity problem," he added. Sir John said that the position at Rank Radio International, the group's main problem last year, was now under control and progress was being made. After the meeting, Sir John, who is 70, gave up the chairmanship, which he held for 15 years in which office he was succeeded by Mr. Harry Smith. Sir John becomes president though without a seat on the Board.

Hoover sees steady progress
WITH THE present unemployment situation and other uncertainties, the directors of Hoover do not expect a major upturn early in 1977. Mr. Peter Boon, chairman, says in his annual review. However, with the prospect of some income-tax relief in April coupled with extensive promotional activity, they would anticipate steady progress during the remainder of the year, he adds. The company has achieved very high market shares in vacuum cleaners, washing machines and irons—several new models will be launched and existing successful products notably modified in order to further consolidate Hoover's market position. The group will continue to invest heavily in its after-sales service organisation. Evaluation of the company's performance has also improved the group's competitive position overseas. Although a degree of uncertainty still exists in some countries the directors expect total overseas business to show further improvement during the year. While welcoming the reduction in VAT last April the directors feel that the industry is still working under artificial constraints, however. They urge an immediate extension of the maximum repayment period to three to four years and a reduction in the minimum deposit to 35 per cent. Consideration should also be given to the removal of the present 12.5 per cent. rate and that all domestic appliances, like consumer durable goods, be taxed at the standard rate of 8 per cent. Mr. Boon says. Given such encouragement in the home market, the group would be in a better position to improve its exports and at the same time be more capable of meeting import competition as well as reducing unemployment. They urge an immediate extension of the maximum repayment period to three to four years and a reduction in the minimum deposit to 35 per cent. Consideration should also be given to the removal of the present 12.5 per cent. rate and that all domestic appliances, like consumer durable goods, be taxed at the standard rate of 8 per cent. Mr. Boon says. Given such encouragement in the home market, the group would be in a better position to improve its exports and at the same time be more capable of meeting import competition as well as reducing unemployment.

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MLR fall indicated
Bank of England Minimum Lending Rate 11 per cent. (since March 10, 1977) Short-term fixed period interest rates continued to decline in the London money market yesterday. Discount houses buying rates for three-month Treasury bills were 10.41 per cent., compared with 10.41 per cent. in the London money market yesterday. Discount houses buying rates for three-month Treasury bills were 10.41 per cent., compared with 10.41 per cent. in the London money market yesterday.

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Discount houses paid 91-101 per cent. for secured call loans in the early part, and closing balances were taken at 8-9 per cent.
In the interbank market overnight loans opened at 10-10 1/2 per cent., and touched 8-9 per cent. before closing at 0-9 1/2 per cent. Longer period interbank rates fell quite sharply, with seven-day money yielding 10-10 1/2 per cent., and closing at 9-10 per cent. Other periods declined by 1 per cent. in the title, to close at around 10-10 1/2 per cent. Rates in the table below are nominal in some cases.

Mar. to 1977	3-month	6-month	12-month	18-month	24-month	30-month	36-month	42-month	48-month	54-month	60-month	66-month	72-month	78-month	84-month	90-month	96-month	102-month	108-month	114-month	120-month
10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10	10/10

Local authority and finance houses (seven days notice, others seven days) Local authority mortgage rates (annually) three years 13.51 per cent., four years 14.13 per cent., five years 14.75 per cent., six years 15.37 per cent., seven years 15.99 per cent., eight years 16.61 per cent., nine years 17.23 per cent., ten years 17.85 per cent. Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bill 10.91 per cent., six-month bank bill 11.41 per cent., eight-month bank bill 11.91 per cent., ten-month bank bill 12.41 per cent., twelve-month bank bill 12.91 per cent. Approximate selling rate for one-month Treasury bill 10 per cent., three-month Treasury bill 10.5 per cent., six-month Treasury bill 11 per cent., nine-month Treasury bill 11.5 per cent., twelve-month Treasury bill 12 per cent. Finance House Base Rate (published by the Finance House Association) 12 per cent. Iron March 1, 1977. Clearing Bank Base Rates for London 10 per cent. Treasury bill average tender rates of discount 10.211 per cent.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Montefibre outlines reconstruction plan

BY PAUL BETTS

Montefibre, the perennially troubled Italian mixed State-private textile conglomerate, has reported losses of \$9m. (about £3.5m.) last year. Through this is some £40m. less than in the previous year...

Brokers fold after Olympia share fall

By Stewart Fleming

NEW YORK, March 15. Chicago brokerage house went into receivership late yesterday amid reports that the firm is under investigation by the Securities and Exchange Commission...

Granges reports heavier than expected loss of Kr295m.

BY WILLIAM DULLFORCE

STOCKHOLM, March 15. GRANGES, the Swedish heavy industry group, reports a loss of Kr295m. (£36.7m.) on a turnover of Kr5,380m. (£743m.) in 1976. The loss is Kr15m. heavier than forecast in January...

Haw Par chairman resigns

By H. F. Lee

SINGAPORE, March 15. MR. MICHAEL FAM has resigned as chairman of Haw Par Brothers International. In a statement disclosing this, Haw Par stated that Mr. Fam had resigned so as to devote more time to his management responsibilities at Hume Industries Far East.

Robeco investment policy

BY MICHAEL VAN OS

AMSTERDAM, March 15. Robeco, the large Dutch-based investment company, said in its annual report published in Amsterdam today that in the year its investment policy was aimed at extending its interests in "strong" countries such as the U.S. and Japan.

'Forbidding' East Asiatic prospects

BY HILARY BARNES

COPENHAGEN, March 15. THE EAST Asiatic Company annual report describes the prospects for the company's liner shipping activities as "forbidding" in view of increasing international flag discrimination.

World Bank loan may be cut

BY MARY CAMPBELL

THE SIZE of the World Bank's loan to the Philippines may be cut because of a sharp decline in the country's foreign exchange reserves.

Bank Leumi issue

BY L. DANIEL

TEL AVIV, March 15. BANK LEUMI LE ISRAEL intends to float the largest issue ever on the Tel Aviv stock exchange, through a £50m. (sterling) equity offering.

Weisscredit takeover foreseen

ZURICH, March 15.

APTER DISCUSSIONS with the Swiss Federal Banking Commission and other interested parties, Swiss Credit Bank, of Zurich, has stated that it is in principle prepared to take over the "not immediately realisable" assets and the client lists of Weisscredit Commercial and Investment Bank, Lugano.

Acrylonitrile under suspicion

BY RHYD DAVID, CHEMICALS CORRESPONDENT

MONSANTO has already been obliged to suspend manufacture and associated operations at three bottle plants and a resin plant in the U.S. and a total of 800,000 monthly paid staff have had to be laid off under further notice.

INSANTO DEVELOPMENT

Acrylonitrile under suspicion

usage is likely to be much less than in the case of bottles. Monsanto and the FDA now seem set for a long drawn-out legal battle, but it is perhaps significant that the evidence from the animal tests is pointing to the need for the findings of its laboratory research to be kept in proportion.

EUROBONDS

World Bank loan may be cut

THE SIZE of the World Bank's loan to the Philippines may be cut because of a sharp decline in the country's foreign exchange reserves.

Advertisement for DNO Det Norske Oljeselskap A/S, featuring a large logo and text about a US \$24,000,000 Medium Term Production Payment Loan for the development of the Heather Field.

Advertisement for DNO Det Norske Oljeselskap A/S, featuring a large logo and text about a US \$24,000,000 Medium Term Production Payment Loan for the development of the Heather Field, arranged by Den Norske Creditbank and The Royal Bank of Canada.

Japan challenges the car makers

BY JERRY DODSWORTH, Motor Industry Correspondent

ONE would have dared pre-18 months ago that the Japanese car import drive into Britain could be contained without Government action, compared with the explosion in Japanese car sales in this part of this decade. A down has occurred. The Japanese share of the British market today is only marginally higher than in the days of 1975, when British companies were in the midst of the inflation-powered price war and British Leyland and other were heading towards imminent reconstruction. Britain owes this change to persuasive efforts of the manufacturers, who have had that the alternative to discipline by the Government is elsewhere in the world, however there is irrefutable evidence that the Japanese car-making machine is in the best working order. Last year set a new record for the Japanese industry. Since 1954, when the Japanese industry introduced only one car, sales have risen year by year until 2,539,100 cars last year—almost twice as many as British car industry.

successful exporters in their own right, have been confident in the past that their technical superiority would continue to give them a strong lead over the Japanese. In addition, they have felt insulated against a repetition of the British experience by the more difficult marketing conditions of Continental Europe. There is a formidable cost involved in setting up a cross-frontier marketing chain to cover the considerable distances required on the Continent, and the domestic manufacturers are themselves well entrenched, unlike the British in the late 1960s. What has happened in the last two or three years, however, is

U.K. but by 1973 this had risen to 92,456, and by last year to 121,400. Britain was the first of the big European markets to fall to the Japanese. But by the time Nissan (the Datsun manufacturer) and Toyota began their first major effort in the U.K. they were already well-established elsewhere. Their strategy appears to have been to pick the peripheral countries first, only later moving into the larger markets which have strong manufacturing bases of their own. Thus Finland, Switzerland, Denmark and the Low Countries—nations used to buying imported cars and with no special attachment to one marque—are

panies have the capacity to keep turning out the cars to push into Europe. Apart from the heavy investment programme of the two major companies, Toyota and Nissan, the last two years have seen the recovery of Toro Kogyo (the Mazda manufacturer), and the emergence of two new forces in the industry, Mitsubishi (which makes Colt) and Honda. Buoyed up by the success of its Civic model, Honda has plans virtually to double output within the next two years to between 600,000 and 700,000 cars a year. Buoyed up by the success of its Civic model, Honda has plans virtually to double output within the next two years to between 600,000 and 700,000 cars a year. Buoyed up by the success of its Civic model, Honda has plans virtually to double output within the next two years to between 600,000 and 700,000 cars a year.

Some hardliners within the European industry have begun to talk without much conviction, of emulating the Italian example of tough quotas. At the moment this would clearly raise impossible political objections, but all the same severe pressure is bound to build up against the Japanese in enter into more two-way trade. This was an issue first taken up by the British, but is no longer seen as a purely British problem. Already the European bloc has had some tangible success in the campaign against "hidden" tariffs, which, everywhere, make it difficult for outsiders to penetrate the Japanese market. Japanese testing regulations for imported cars have been eased, and imports have also been given a stay of execution on the stringent Japanese emission tests.

is remorseless drive for into markets all over the world. It is creating more and more in free-trading countries. Australia, for instance, quotas on Japanese vehicles years ago. This followed the more stringent action of the U.S., who allow in only 1,000 cars a year—a quota can enforce because of a in the GATT regulations puts Italy and Japan on a par with other countries, and to home, there are at least that the French and other manufacturers are being to take the Japanese seriously.

that the Japanese have at last begun to take the German and French markets seriously. The figures show a steady, if not a startling rise in sales. In France, for example, the Japanese market share stood at 0.7 per cent. in 1973, with 12,993 sales. In 1974 it rose to 1.3 per cent. (23,000 cars) and last year to 2.7 per cent. (50,000 vehicles). Japanese sales in West Germany took 1.1 per cent. of the market in 1973 (22,900 cars), rising to 1.3 per cent. in 1974 (35,400 vehicles) and 1.9 per cent. in 1976 (42,800).

There is good reason to suppose that the Japanese can improve on this performance, even within France and Germany. In the equally sophisticated and competitive American market, easily pushing aside European rivals, including the once all-powerful Volkswagens. To-day Toyota and Nissan sit firmly on top of the U.S.'s importer league, and even tiny Honda, making only 350,000 vehicles a year, intermittently managed to dislodge Volkswagens from third place last year.

Secondly, the Japanese companies are also steadily adapting themselves to European taste. Although the average product can still not compare in terms of ride, road-holding, and precision of steering with the better European cars, there is no doubt that the latest models are beginning to present stiffer competition. The new Honda Accord, for instance, a hatchback of medium size, aimed at the Allegro/Golf type market, is a sophisticated vehicle, with a front-wheel drive, transverse engine, five-speed gearbox, independent suspension and high comfort standards. Mazda, a company which was in extreme financial disarray two years ago when its rotary engine ran into disrepair, has come back with the 323, a new competitor, five-door, mid-range hatchback. Colt, until now associated with sporting coupés, is bringing to the Sigma, a new mid-range saloon; and all the Japanese companies have a considerable amount of new products in the pipeline.

At the same time, the Japanese are showing increasing interest in the European commercial vehicle industry. Several manufacturers showed their vehicles at the recent Brussels show, and Ifino, a company loosely associated with Toyota, has had great success assembling a cheap heavy truck in Ireland; the British industry has been watching anxiously for the first signs of a Hino foray into the U.K. And at the other end of the scale, the Japanese car importers in Britain have switched their growth ambitions within the last year to mini-vans and pick-ups derived from cars and moved from nil to 7 per cent. of the U.K. market (4,700 vehicles) within 12 months.

There is little indication as yet of the anxiety in the EEC to lead to anything like the concerted action which has been taken against the Japanese in the European shipping and ballbearings industries. But the growing sense of the threat posed by the Japanese car builders on a market, the British a significant change with, example is instructive: in 1975 EEC, French and German 1976 there were only about 4,500 companies, powerful and Japanese vehicles sold in the

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But unless there is an improvement in the overall balance in this industry, it is difficult to see the European manufacturers acquiescing in further Japanese penetration of their markets. With the example of the concerted action of the Western shipbuilders before them, this is one issue—about the only one—which could unite the extremely competitive and diverse instincts of the European motor companies under the umbrella of the EEC.

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JAPANESE CAR SALES IN EUROPE

Country	1973		1974		1975		1976	
	units	%	units	%	units	%	units	%
U.K.	92,500	5.4	84,700	6.7	107,900	9.0	121,400	9.4
Germany	22,900	1.1	22,130	1.3	35,400	1.7	42,800	1.9
Italy	915	0.05	479	0.04	900	0.09	600	0.05
France	13,000	0.7	12,600	0.8	23,000	1.6	50,100	2.7
Other EEC/EFTA	197,600	11.1	213,700	11.2	261,800	13.6	328,600	15.1
Total EEC/EFTA	340,800	2.9	322,500	4.3	429,000	5.5	543,700	6.2

J.P. M. 1977

AMAX INC.

Formerly American Metal Climax, Inc. and Amax International Capital Corporation
8 3/4 % Guaranteed Sinking Fund Debentures (Series A) due April 1, 1986 (Red Color)

NOTICE IS HEREBY GIVEN THAT, pursuant to Section 3.01 of Article Three of the Indenture dated as of April 1, 1977 among Amax Inc., formerly American Metal Climax, Inc., and Amax International Capital Corporation (hereinafter called "the Company"), American Metal Climax, Inc., Guarantor, and Bankers Trust Company, Trustee (hereinafter called "the Trustee"), there will be redeemed on April 1, 1977, through the operation of the Sinking Fund, a redemption amount equal to 100% of the principal amount to be redeemed, \$3,260,000 principal amount of 8 3/4 % Guaranteed Sinking Fund Debentures (Series A) due April 1, 1986 (hereinafter called "the Debentures").

The following are the serial numbers of the Debentures bearing serial numbers M to be redeemed:

131	1305	8138	4591	6045	7056	8048	9005	8988	11195	12587	13559	16146	16184	17155	16111	19084
132	1309	3153	4878	6053	7041	8068	9009	10020	11196	12288	13558	15150	16227	17192	18126	19085
133	1352	4194	5008	6086	7069	8070	9048	10048	11264	12258	13555	15158	16228	17191	18126	19086
134	1326	5158	5018	6087	7084	8092	9033	10043	11219	12512	13509	15172	16300	17221	18147	19109
135	1357	6171	5019	6082	7088	8092	9081	10080	11227	12230	13511	15189	16304	17223	18152	19119
136	1402	7149	6085	7130	8133	9135	10028	11028	12164	13257	14554	15215	16345	17265	18196	19150
137	1391	8200	5047	6188	7119	8115	9110	10024	11283	12352	13657	15240	16340	17257	18173	19181
138	1387	9228	5048	6186	7208	8198	9111	10028	11264	12257	13554	15215	16345	17265	18196	19150
139	1402	10249	6087	7130	8133	9135	10028	11028	12164	13257	14554	15215	16345	17265	18196	19150
140	1418	11246	5074	6177	7154	8138	9181	10141	11676	12402	13280	15285	16351	17284	18218	19199
141	1448	12277	5075	6181	7156	8098	9167	10167	11388	12426	13251	15257	16359	17282	18219	19203
142	1452	13294	5102	6183	7203	8100	9220	10168	11380	12402	13280	15285	16359	17282	18219	19203
143	1468	14326	6111	6291	7206	8161	9294	10172	11684	12426	13274	15290	16417	17312	18226	19201
144	1494	15377	6112	6296	7206	8168	9325	10190	11389	12426	13274	15290	16417	17312	18226	19201
145	1496	16394	5108	6251	7245	8168	9246	10209	11147	12463	13802	15312	16435	17348	18260	19215
146	1526	17388	6113	6296	7250	8223	9293	10214	11444	12470	13331	15319	16468	17370	18284	19238
147	1529	18395	6114	6297	7250	8223	9293	10214	11444	12470	13331	15319	16468	17370	18284	19238
148	1531	19402	6115	6298	7251	8224	9294	10215	11445	12471	13332	15320	16469	17371	18285	19239
149	1532	20409	6116	6299	7252	8225	9295	10216	11446	12472	13333	15321	16470	17372	18286	19240
150	1533	21416	6117	6300	7253	8226	9296	10217	11447	12473	13334	15322	16471	17373	18287	19241
151	1534	22423	6118	6301	7254	8227	9297	10218	11448	12474	13335	15323	16472	17374	18288	19242
152	1535	23430	6119	6302	7255	8228	9298	10219	11449	12475	13336	15324	16473	17375	18289	19243
153	1536	24437	6120	6303	7256	8229	9299	10220	11450	12476	13337	15325	16474	17376	18290	19244
154	1537	25444	6121	6304	7257	8230	9300	10221	11451	12477	13338	15326	16475	17377	18291	19245
155	1538	26451	6122	6305	7258	8231	9301	10222	11452	12478	13339	15327	16476	17378	18292	19246
156	1539	27458	6123	6306	7259	8232	9302	10223	11453	12479	13340	15328	16477	17379	18293	19247
157	1540	28465	6124	6307	7260	8233	9303	10224	11454	12480	13341	15329	16478	17380	18294	19248
158	1541	29472	6125	6308	7261	8234	9304	10225	11455	12481	13342	15330	16479	17381	18295	19249
159	1542	30479	6126	6309	7262	8235	9305	10226	11456	12482	13343	15331	16480	17382	18296	19250
160	1543	31486	6127	6310	7263	8236	9306	10227	11457	12483	13344	15332	16481	17383	18297	19251
161	1544	32493	6128	6311	7264	8237	9307	10228	11458	12484	13345	15333	16482	17384	18298	19252
162	1545	33499	6129	6312	7265	8238	9308	10229	11459	12485	13346	15334	16483	17385	18299	19253
163	1546	34506	6130	6313	7266	8239	9309	10230	11460	12486	13347	15335	16484	17386	18300	19254
164	1547	35513	6131	6314	7267	8240	9310	10231	11461	12487	13348	15336	16485	17387	18301	19255
165	1548	36520	6132	6315	7268	8241	9311	10232	11462	12488	13349	15337	16486	17388	18302	19256
166	1549	37527	6133	6316	7269	8242	9312	10233	11463	12489	13350	15338	16487	17389	18303	19257
167	1550	38534	6134	6317	7270	8243	9313	10234	11464	12490	13351	15339	16488	17390	18304	19258
168	1551	39541	6135	6318	7271	8244	9314	10235	11465	12491	13352	15340	16489	17391	18305	19259
169	1552	40548	6136	6319	7272	8245	9315	10236	11466	12492	13353	15341	16490	17392	18306	19260
170	1553	41555	6137	6320	7273	8246	9316	10237	11467	12493	13354	15342	16491	17393	18307	19261
171	1554	42562	6138	6321	7274	8247	9317	10238	11468	12494	13355	15343	16492	17394	18308	19262
172	1555	43569	6139	6322	7275	8248	9318	10239	11469	12495	13356	15344	16493	17395	18309	19263
173	1556	44576	6140	6323	7276	8249	9319	10240	11470	12496	13357	15345	16494	17396	18310	19264
174	1557	45583	6141	6324	7277	8250	9320	10241	11471	12497	13358	15346	16495	17397	18311	19265
175	1558	46590	6142	6325	7278	8251	9321	10242	11472	12498	13359	15347	16496	17398	18312	19266
176	1559	47597	6143	6326	7279	8252	9322	10243	11473	12499	13360	15348	16497	17399	18313	19267
177	1560	48604	6144	6327	7280	8253	9323	10244	11474	12500	13361	15349	16498	17400	18314	19268
178	1561	49611	6145	6328	7281	8254	9324	10245	11475	12501	13362	15350	16499	17401	18315	19269
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FINANCIAL TIMES SURVEY

Wednesday March 16 1977

Je suis le 15

Canadian Banking and Finance

Political difficulties with Quebec, reluctant economic growth, and a falling exchange rate have created a difficult environment for Canadian financial institutions this year. The new Bank Act has been delayed.

MANY uncertainties and contradictions crowd in upon the Canadian society have inevitably reflected upon the economy in general and financial institutions in particular. It is not surprising that the banking industry continues to live up to high international prestige, profitable even in difficult times, and efficient at any rate. Efficiency means providing the widest number of services in a variety of places: in a country as spread out and as diverse as Canada it probably is. But as the time for regular decennial revision of the Canadian Bank Act reaches bankers and directors of the myriad other financial institutions can no longer be sure in what spirit an amendment and under which they will have to operate in the coming ten years.

Contradictions
Contradictions built into the Canadian system are well known. For a start, the conflict between the French-speaking population and the English speakers (many of whom are of British origin) has become sharper with the passage of time. The Québecois Government programme of independence has become a historic conflict between the powers of the federal Government and the 10 provinces, has been placed in the spotlight by events in Quebec, accelerated certain trends that had already been established as a result of economic forces. Alberta with its oil gas,

Quebec and the federal provinces struggle both pose problems for business and banking. They are even more immediately involved in another Canadian classic, the conflict between the traditional North American market philosophy and that of administrative power (or bureaucracy as it would now be put) which has its roots in a colonial past and its inspiration in the managed economies of Europe. That conflict plays its part in the debate whether to allow wage and price controls to die prematurely, or to run until November, 1978.

The fourth element in the Canadian dialectic, the fore-hate relationship with the U.S., is pretty quiescent just now: relations are better than they have been for some time, not least because a worsening Canadian current account has made it unwise to discriminate against foreign capital, or to be too reluctant to export natural gas and raw materials in the interests of a greater Canadian depth of manufacture. A lessening of economic nationalism can be detected in the proposal of the Canadian Government, in its White Paper about Bank Act revision, which would allow the foundation of foreign-owned banks in Canada. But the scope is limited: foreign banks are to be severely restricted in size, (as is set out elsewhere in this Survey).

It is an extremely important aspect of the emergence of the Parti Québécois that it has accelerated certain trends that had already been established as a result of economic forces. Toronto, in Ontario, has long been pulling ahead of Montreal, year founded a subsidiary which would in need take over all its business outside Quebec. The Royal Bank, largest in Canada, recently caused a stir by moving its investment department from headquarters at Montreal to Toronto. Given the emigration of English-controlled local control; that would involve giving off the Quebec end of Canadian institutions and insisting that no more than 25 per cent of their equity may be held outside Quebec. The programme also proposed that life assurance companies in an independent Quebec would have to build up their Quebec assets against the day when they may be told to match their liabilities to the province.

Saskatchewan has also espoused the cause of its own provincial financial institutions, and other provinces may follow. Quebec is and will remain the main preoccupation of Canadians in and out of business, but the issue of wage and price controls comes a good second. Almost since controls were imposed in November, 1975, argument has raged as to how to get out safely. There is a widespread feeling that there is sufficient slack in the economy, with growth around the 4 per cent mark, to begin phasing out controls very soon, but Mr. Donald Macdonald, the Finance Minister, is reserving his position. An attempt by the opposition to force his hand is likely to fail in the House of Commons next month.

Where the financial institutions are concerned, it is probably true to say that controls have had a nuisance value without cutting deeply into profits. The Government has powers to order correctives where annual profits exceed a certain level, but it is not thought that the banks are in danger of feeling that power. A study published this month by Wood Gundy of Toronto arrives at the conclusion that bank profits this year are likely to undergo less than average growth (though trust companies may reap a cyclical profit from falling interest rates). Prospects may, however, be improving later in the year. Wood Gundy discusses the risk of Canadian banks in the field of tanker loans and foreign lending, about which there are not some in this battle.

On the other hand, this month's first Quebec provincial debt issue of \$175m. was a success. The institutions were attracted by the favourable yield. Moreover some may have considered this a good moment to ensure that their assets in the province matched their liabilities there. The battle for Quebec independence has hardly been joined; even the objectives of the Lévesque Government have not been fully defined. But clearly there is enough to frighten investors, who may already be nervous because of the worsening of Canadian external payments. Since the PQ came to power, yields of Quebec external bonds have risen to something like 1 per cent more than those of Ontario bonds, as against a traditional gap of less than half that amount.

to build up their Quebec assets against the day when they may be told to match their liabilities to the province. The Quebec co-operative savings bank organization, the Caisse populaire with total assets of \$4.7bn., play a central part in PQ thinking. The Caisse

populaires have given notice that they do not intend to be used for political purposes, but their financial strength makes them important to a Government that may yet have difficulties raising capital from abroad. It also makes them potential shareholders in the Quebec banks which the party programme proposes. The Québec Government therefore will fight tooth and nail the proposal in the Canadian White Paper on a new Bank Act which would make the Caisse liable to maintain cash reserves in the Bank of Canada. That is the main reason why the new Bank Act, which should have entered into force this summer, will be delayed until early 1978 at the least.

The details are discussed elsewhere in this Survey, but Canada being Canada, Québec is not alone in this battle. The evidence therefore points to 1977 becoming a difficult, but manageable year, provided Québec passes no insoluble problems. Much will depend on the progress of the world economy, first and foremost in the U.S. Cyclical influences and controls have gone some way towards restoring the competitiveness of Canadian manufacturers; industrial expansion should begin to raise demand for Canadian raw materials. Current account deficits of about \$5bn. this year and last may be in keeping with historic patterns when expressed as a share of GNP. But combined with Québec they have knocked the Canadian dollar off its perch: a 3 per cent premium above the U.S. dollar has turned into a discount of some 5 per cent. There is a measure of consensus among economists that that could be about right but all agree, too, that the exchange rate has become volatile. All in all, it is not a moment to rock the boat.

In choppy water

By W. L. Luetkens

business will, if anything, be there were telling reasons for speeding up. A recent survey of investment intentions carried out by the Bank of Montreal proved depressing all the way across the country, but especially so in Quebec. More significantly, about half of those intending to cut their rate of investment in Québec intended to invest more elsewhere (which includes remote parts of the U.S. where wages are lower than in Canada).

Royal Trust, biggest of the Canadian trust companies with assets of Can\$4.3bn. (and assets of \$16.5bn. under its administration) says in its annual report that in 1966 Québec provided 47 per cent of the company's income of \$68m; in 1976 Québec's share was 27 per cent of \$502m. (which still means that it more than quadrupled in absolute terms). Reading the signs, Royal Trust last

year founded a subsidiary which would in need take over all its business outside Quebec. The Royal Bank, largest in Canada, recently caused a stir by moving its investment department from headquarters at Montreal to Toronto. Given the emigration of English-controlled local control; that would involve giving off the Quebec end of Canadian institutions and insisting that no more than 25 per cent of their equity may be held outside Quebec. The programme also proposed that life assurance companies in an independent Quebec would have to build up their Quebec assets against the day when they may be told to match their liabilities to the province.

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Little change in new Act

THE REVISION of the Canadian Bank Act, a regular ritual of the Canadian political and financial world, has run head on into the most troublesome problems plaguing the country. The proposals made in a White Paper of the Federal Government last year have stirred up the jealousy of the provincial Governments and in particular that of Quebec. Since Ottawa has its hands full trying to cope with the separatist ambitions of the Quebec Government elected on November 15 last, there will be no new Bank Act by mid-1977 as custom would normally have dictated.

As a rule there is a new Bank Act every ten years. But for the moment all that is going to happen is that the 1967 Act will be extended. The new Act may come into force next year, though since 1975 could vary will be an election year all sorts of complications may yet arise.

The cause of the trouble is the proposal in the White Paper to set up a Canadian Payments Association, replacing the present clearing system run by the chartered banks, and to bring

within its scope a number of financial institutions other than the banks, principally the trust companies and the credit unions which are a form of mutual or co-operative savings banks. They would be perfectly happy to be brought into the system but for the fact that there is to be an admission fee in the form of an obligation to deposit reserves with the Bank of Canada.

Provincial Governments have espoused the cause of the trust companies and credit unions since they operate under provincial charter and have so far been relatively independent of control by Ottawa in general, and the Bank of Canada in particular. And no provincial Government will fight more stoutly than that of Quebec. Quebec has a thriving co-operative savings movement with some 3.5m. members in the caisses populaires which closely resemble the Continental European savings banks. The caisses populaires have aggregate assets of about \$600. and the Parti Québécois Government, in Quebec City hopes to find there some support in an otherwise largely hostile financial world.

Irrespective of whether that hope will be justified, Mr. René Lévesque's Government is obviously going to stand up for the caisses in their fight against the reserve requirement. He will not stand alone: in English-speaking Canada the province of Saskatchewan has also voiced its opposition to a proposal which it believes is intended to extend the powers of the Ottawa Government at the expense of the provinces.

Given Canadian political realities, one cannot give Ottawa much chance of winning a fight on this issue. Officials who had a hand in drafting the White Paper do not in fact detect any great political will to fight the matter out. A compromise is the most that can be expected, and an almost total withdrawal of the proposal to make credit unions and caisses pop subject to reserve requirements is quite likely. Clearly that would strengthen the case of the trust companies to be let out of the net too.

ASSET GROWTH SINCE 1970
(\$Can. bn.)

Year end	Chartered banks	Trust co's
1970	47.3	8.6
1971	54.4	7.5
1972	63.2	8.6
1973	79.8	10.5
1974	97.0	12.4
1975	108.4	14.6
1976	126.2	17.3

November 30, † September 31.
 Source: Bank of Canada.

CHARTERED BANK PERFORMANCE
(12 months to October 31 in \$Can. m.)

	Balance of Net Revenue	Profit
Royal	287	92
Canadian Imperial of Commerce	274	111
Bank of Montreal	175	76
Bank of Nova Scotia	213	69
Toronto-Dominion	170	61
Canadian National	45	17
Provincial	32	11
Mercantile	21	10
Bank of British Columbia	6	1

Principle

That will clearly raise points of principle. The trust companies argue perfectly correctly that they are subject to stringent regulations regarding their liquidity so that there is no danger of their being unable to meet their day-to-day obligations in a clearing system.

On the other hand the trust companies have long outgrown their role as trustees and providers of long-term finance, mainly in the form of mortgages. They do in fact provide current account services to the public. On the grounds of tidiness there is therefore a case for bringing them into the payments association, and for making them pay for the privilege.

Whether the maintenance of reserves with the central bank is the correct route depends to some extent upon one's estimate of the future of Canada.

The biggest innovation will be to allow foreign-owned banks to operate as such within Canada: hitherto they have been deprived of the right to describe themselves as banks, though that has not prevented them from flourishing in the wholesale banking market. (These proposals and their implications are discussed in a separate article in this survey.)

The remaining proposals of the White Paper may be summarised as follows:

- Reserve requirements: Cash reserves shall be maintained with the Bank of Canada, amounting to 2 per cent of deposits up to \$500m. and 4 per cent of deposits in excess of that amount. Demand deposits shall attract a 12 per cent reserve ratio and, as an innovation, foreign currency deposits used domestically shall be subjected to a 4 per cent cash reserve. The latter is a new proposal, the full impact of which upon the hard to assess. Much criticism to make these to change by Finance rather bank which is monetary policy. These so-called members of the associations carry no interest banks alone will maintain in secondary interest-bearing. Entry into simplified by institutions to equity of a new current in per apply.

Provincial hitherto barrier ownership, will be 25 per cent, banks for up to which the hold: to 10 per cent, to please the which has for financial system the dominant eastern charter gradual shift of the West, and the oil and Alberta, has taking care of extent: new have sprung White Paper accelerate the will take a lot full array of with their bran the country.

- Leasing any explicitly be chartered bank this will mean
- Banks will the right to issue securities, but they will distribute them write and disburse securities
- Banks will to issue cover That should fa in of equity.

On balance expect these p are put into foundly to af ability of busin (be chartered) nothing to cor reform of 1967 an outdated 5.1 ceiling and pay banks way into This time the stronger upon near-banks, in trust companies ment can push part of its prop are, and no institutions.

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Powerful French influence

WHATEVER MAY transpire for the chartered banks, foreign banks, and agencies and trust companies, in revision of the Canadian Bank Act, Quebec's own Caisses Populaires Desjardins are likely to hold the status quo.

No-one seriously believes the suggestion in the 1976 federal White Paper that credit unions including the Caisses populaires should have to keep reserves with the Bank of Canada will become law. The caisses claim this would cost them around \$60m. in interest earnings a year, while they point out that the Bank of Canada has said quite clearly that it does not feel it necessary to impose statutory reserve requirements on the caisses to achieve efficient control over the money supply and monetary policy.

The political situation in Quebec and Canada ensures the caisses will not be touched this time, any more than in 1967 when the Act was last revised.

The Caisses populaires Desjardins movement is unique in Canada and North America, though its founder, Alphonse Desjardins, had well absorbed the experience of Europe and New England in the mutual savings bank field before launching his own people's institution in Lévis on the St. Lawrence opposite Quebec City, one cold evening in December 1900.

The growth of the Caisses populaires is a remarkable story. The movement has become a political power, and its structure gives it a grassroots influence that many politicians envy. Certainly, successive Quebec governments have eyed the caisses' assets with envy, courted their leaders or chastised them for refusing to cooperate.

Desjardins himself was a translator and Hansard reporter in the House of Commons in Ottawa, and for years had heard MPs inveigh against usury and "shylocking" in the then chaotic small lending business. He knew intimately the needs of the ordinary people of Lévis, his home town, and in the farming areas of the lower St. Lawrence. Banks lent to manufacturers and merchants on inventory and to the middle class. They would not look at farmers, artisans, and labourers.

There were 123 townsfolk at the inaugural meeting as Desjardins unfolded his plan for a people's bank. Desjardins wanted to put the savings and credit functions in one institution based on the co-operative ideal, the surplus to be distributed to the members each year.

He wanted his Caisses populaires run by the members themselves by a system of election. It was to be a vehicle for

showing ordinary credit worthiness. He wanted the banks to be based on the needs of the people. Eighty people, \$26 in nickels, this was the first credit union. Within six years to \$49,000. Co-ops formed in towns in the region. 50 supported Desjardins a cause in every there are over 1. Caisses populaires than 3m. member in assets, owning many life and gen companies, mutual funds, and with investment arm.

The movement package of services from grade 10 to everything available in trust companies particularly the Royal Trust, based (telling Quebecers) ism should persons entrust their sav caisses trust comp all the assets 57bn. In 1975 the C

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J.P. [Signature]

Gearing profitability to caution

THE GROWTH of the chartered banks abruptly in the fiscal year ended October, 1976, fell to 4.6 per cent from a 45.8 per cent in 1975—and this year are looking anywhere from 3 to 10 per cent.

But while the draft undoubtedly appears to be in the banks' favour on balance, it is not completely one-sided, and the banks too have grounds for complaint.

Revisions

Besides the Bank Act revisions, there are other uncertainties which cloud the medium-term and long-term outlook for the industry: the federal anti-inflation guidelines which might be altered or dropped before the final deadline at the end of 1978; implications for bank asset growth of the firm monetarist approach adopted by the Bank of Canada in 1975; implications of Quebec's separatist aspirations; the banks' limited exposure to relatively risky loans: U.S. real estate investment trusts, and less developed countries; implications of the federal Borrowers and Depositors Protection Act which would force interest payments on the minimum daily deposit balance (versus the monthly minimum); and the gradual progress of bank staff unions, threatening further to inflate non-interest costs.

Two new banks in western Canada started up last year. The Canadian Commercial and Industrial Bank of Calgary (CCIB), Canada's only privately-held chartered bank, and the Winnipeg-based Northland Bank, now also moving to Calgary. Both are oriented to business loans rather than retail loans. In addition, LAC

Canada's largest sales finance and leasing company, continues to seek a charter for its transformation into the Continental Bank of Canada, but an opposition member of Parliament intends to continue blocking the special Act required until the new Bank Act is implemented.

Principal shareholders in the CCIB are five major pension funds, five life insurance companies, several trust companies, other financial institutions, and two foreign banking institutions, Warburg's and Paribas. Promoters of the Northland are six co-operatives and five credit unions from western Canada, and shareholders also include the Deutsche Genossenschaftsbank of Frankfurt (4 per cent) and, once the new Bank Act is in place, will include some western provinces. (The new Act will permit provinces to own up to 25 per cent of the new bank, to be reduced to 10 per cent within 10 years.)

Early this year, the Montreal-based Provincial Bank of Canada, the seventh largest chartered bank with assets of \$3.6bn., announced plans to absorb through a share exchange, the troubled Unity Bank of Canada, of Toronto, which has assets of \$180m. Unity began in 1972, and underwent a top-level shake-up early in 1976 because of large loan losses. The legacies proved more intractable than expected, and the news that the bank will lose money again this year made a rescue in the form of a takeover almost inevitable.

Another takeover bid this year was at least temporarily frustrated. The Montreal City and District Savings Bank which is more akin to a mortgage company than a bank, fought off a takeover attempt by the province's co-operative credit union movement (the Fédération de Québec des Caisses Populaires Desjardins) by regarding up three friendly institutional investors to hold 10 per cent each. The credit

unions were believed to be backed in their mission by either the Provincial Bank or the Banque Canadienne Nationale.

The addition of two banks, offset by one prospective merger brings the number in Canada to 12, and 13 when the Continental gets its licence. Total bank assets at the end of last October were \$121.8bn. The five largest are the Royal Bank of Canada (\$28.8bn.), Canadian Imperial Bank of Commerce (\$26.1bn.), Bank of Montreal (\$18.2bn.), Bank of Nova Scotia (\$18.2bn.), and the Toronto-Dominion Bank (\$16.3bn.).

Investment analysts normally look at balance of revenues, which are profits before deducting appropriations for loan losses. The balance of revenues grew slowly (3.6 per cent) last year for two main reasons: first, narrower profit margins in international operations now that the international bank failures of a few years ago are almost forgotten and the reputedly super-stable Canadian banks have therefore lost much of their competitive edge; second, narrow profit margins at home as a result of the federal Government's anti-inflation Board (AIB) guidelines and of rising non-interest expenses.

The AIB guidelines were revised for the second time last June, requiring banks to keep profit margins on their domestic business to 85 per cent of the based period of their choice: either fiscal 1975 or the average of fiscal 1970 through 1974. The banks had to let interest spreads narrow so that they would conform with the guidelines.

Revenue of the industry grew 12 per cent, while expenditures rose 14.5 per cent. Profits, including loss appropriations, increased 7 per cent, and the best growth was by the Provincial (31.7 per cent), followed by the



Historic and modern in Montreal: the headquarters of Canada's oldest chartered bank, the Bank of Montreal.

Influence

CONTINUED FROM PREVIOUS PAGE

assets rose at a rate of 20 per cent, and in 1978, 22 per cent—in both years faster than the chartered bank's growth in Quebec.

The caisses are divided into regionales and the concentration of power begins at this level. The headquarters is in ultra-modern buildings at Levis, overlooking the provincial capital and the mighty St. Lawrence.

They control the Complexe Desjardins, the \$200m. office and hotel development at the meeting point of English and French Montreal.

The banks freely admit the tough competition from the caisses in retail banking in Quebec, excepting the Banque Provinciale du Canada in which the caisses hold a controlling interest of 25 per cent. The current Bank Act restricts individual share holdings in Canadian chartered banks to 10 per cent, but the caisses get around this by splitting their holding between different regionales.

In recent weeks, the caisses have bought into the Montreal City and District Saving Bank

in the same way, building up holdings of about 15 per cent. The management of the \$1.2bn. mortgage and saving bank (which operates under the federal Quebec Savings Bank Act) feared the caisses wanted to merge it with the Banque Provinciale and friendly Quebec insurance companies and other institutions bought into counter the bid by the caisses. The outcome is not yet certain.

The Caisses represent the largest pool of capital in Quebec outside the Government, Hydro-Quebec and the Caisses de depot, the investment arm of the Quebec pension plan. They have successfully operated a "hands off Ottawa" policy while retaining independence largely from the embraces of successive Quebec Governments.

The new Lévesque government has singled them out for sympathetic mention, knowing that they hold over \$600m. of Quebec Government bonds, and realising their potential role in Quebec became independent and took control of banking.

The caisses were press-ganged into investing several million dollars, ostensibly "on behalf of the people" in an earlier government's General Investment Corporation of Quebec, a joint public-private agency supposed to spur industrial development. The GIC had problems from the start and the caisses wanted a proper return on their investment for their members. Friction soon grew when the GIC and the caisses' investment arm were both trying to build up a food-processing industry at the same time. Eventually the Government bought out the Caisses' holdings in the GIC.

Popularity

The majority of coeques made out by French Quebecers to-day are drawn on Caisse populaire accounts. Most people have financed their homes with mortgages from the local caisse and the Desjardins Caisse is often the most modern building in a typical French Canadian town or village.

The movement employs the most sophisticated electronic machinery. The shareholding in the Banque Provinciale was bought 10 years ago to ensure efficient clearing facilities, which in Canada are provided by the chartered banks.

The Caisses are prepared to join the federally proposed national electronic clearing system if it does not involve them in a loss of autonomy. They have pioneered in TV and drive-in banking and slick TV advertising. Yet their roots are firmly set at the local level. The industrial investment arm, set up in 1971, is slowly finding its role.

President Alfred Rouleau envisages the day when assets will hit \$25bn. The task for the Caisses will be to blend the interests of members and the co-operative ideals retained from Desjardins, with the responsibilities that go with such a concentration of financial power.

Robert Gibbens
Montreal Correspondent

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CANADIAN BANKING AND FINANCE IV

Foreigners in from the colonies



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TORONTO—MONTREAL—OTTAWA—CALGARY—VANCOUVER—WEDDINGTON—SASKATOON—WINDSOR—SINGAPORE—LONDON—PARIS—BRUSSELS—AMSTERDAM—FRANKFURT—MUNICH—ZURICH—GENEVA—ROME—MILAN—NAPLES—PALERMO—MADRID—BARCELONA—LISBON—ATHENS—BOLOGNA—FLORENCE—VENICE—MILANO—TORINO—BOLOGNA—FLORENCE—VENICE—MILANO—TORINO

A POSH underground movement is about to come into the open in Toronto, the financial capital of Canada. Foreign bankers have been in business here for many a year, but Canadian economic nationalism has prevented them from describing their operations as banking and their companies as banks. Nor have they been allowed to solicit deposits from the public. Now all that is about to change as a result of the regular revisions of Canadian banking law.

In a White Paper published last year the Canadian Government proposed to give foreigners banking status, and indeed proposed that those of them engaging in both lending and the acceptance of deposits transferable by order must apply for incorporation as banks under Canadian federal law.

So far the foreigners have been operating with provincial charters under a variety of labels, all of which strongly suggested the business which they were in. The words "financial services," to take a typical example, coupled with the name of a well-known international bank will not be misunderstood among those likely to bring it business.

When the White Paper was published it appeared probable that the proposals would be passed into law by the middle of 1977, but the revision of the Bank Act has run into difficulties. The financial services may have to wait until next year before they may become a bank proper.

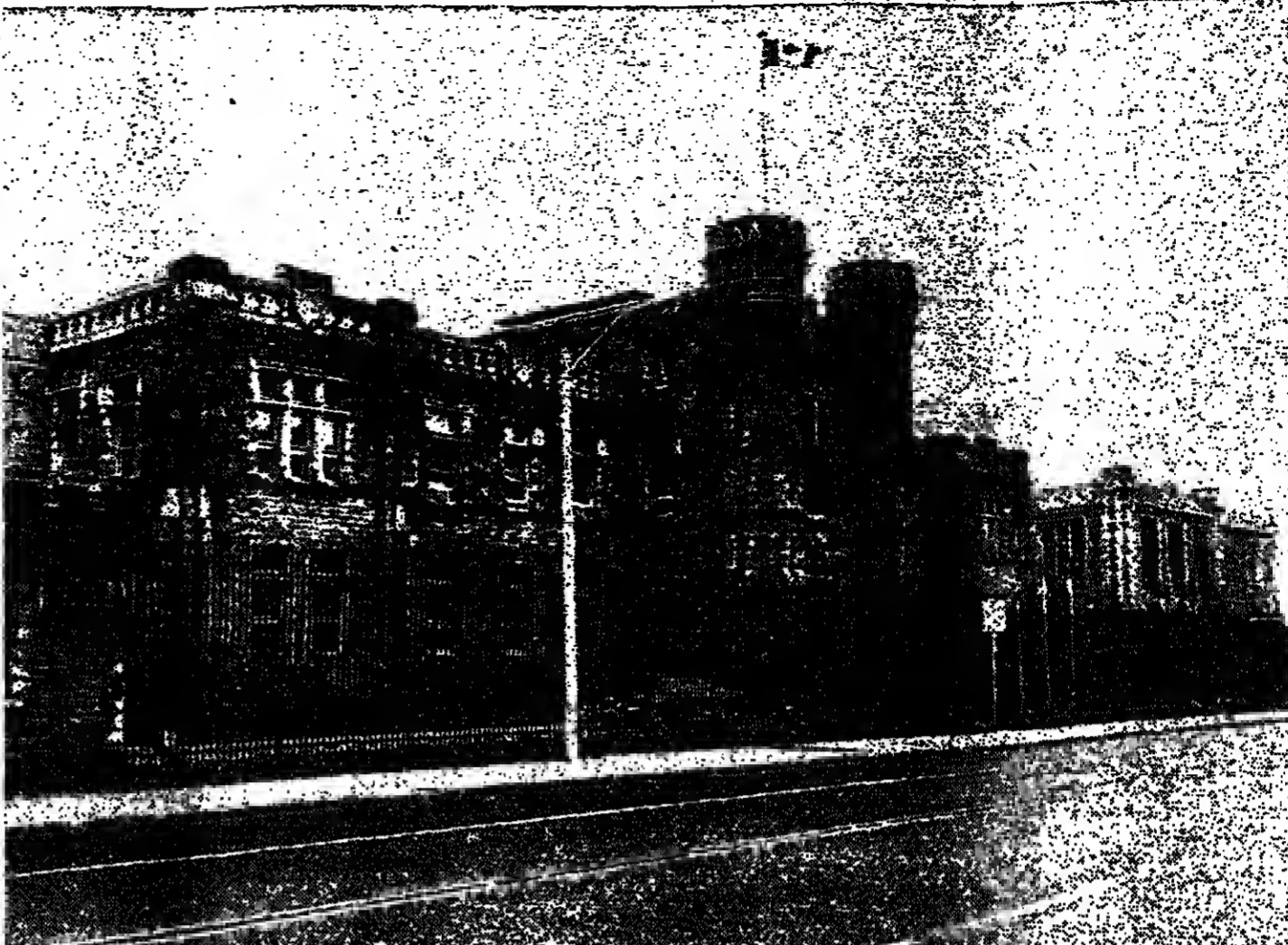
In publishing the White Paper, the Canadian Government said that it wanted to increase competition in the banking world. But in the case of the foreign banks, at any rate, it clearly does not want too much of a good thing. The White Paper says that a balance will have to be achieved between the needs of competition and maintaining control of the financial system in Canadian hands. Given the proximity of the U.S. and the openness of the Canadian border with it, the caution is understandable.

Pressure

A few years ago the foreign near-banks were expanding so quickly that strong pressure came from the Canadian chartered banks to bring them under control. That is one of the objectives of the White Paper proposals. The pressure has persisted, even though the phenomenal growth of the foreigners has ceased. From 1973 to 1974 (a time when Canada was the focus of hopes, since belied, of a permanent prosperity based upon oil) the foreign near-banks' assets as listed by the Bank of Canada tripled to about \$1.8bn. Growth has been much slower since: in 1976 it was about 21 per cent. to a total of \$2.3bn—a rate of expansion that roughly matched that of Canadian-owned financial institutions.

The figure of \$2.3bn. is, however, somewhat misleading since not all foreign banks operating in Canada are covered by the statistics, above all not the so-called suitcase bankers who do business on behalf of U.S. banks without benefit of local affiliate companies or offices. The Canadian Bankers' Association estimates that the real figure for aggregate assets of foreign near-banks and the like might be in the area of \$3.5bn.

That figure must be compared with the chartered banks' aggregate assets of \$128bn. or the \$17bn. of the trust com-



The Canadian mint: it is odd that Canadian slotmachines will swallow U.S. coins, but U.S. machines reject Canadian coins.

panies. The White Paper proposals would limit foreign-owned banks to a maximum share of 15 per cent. in Canadian commercial lending, though it does not spell out how the limit is to be enforced. It is evidently intended to give a good deal of discretion to the Minister of Finance—which could lead to flexibility.

Besides the overall limit, the White Paper proposes limits on the size of each individual foreign bank: it is to have no more than five branches, and its authorised capital is to be limited to \$25m., with assets not to exceed 20 times that amount. It is believed that with the exception of Citicorp, a financial company owned by Citibank, whose assets already exceed \$500m., one of the foreign near-banks is even half way to that implied maximum. But if last year's 21 per cent. growth of the foreigners' aggregate assets were to be continued, some of them would soon be bumping against that ceiling.

In equity it would be hard to refuse to make some allowance for inflation—after all about 40 per cent. of the amount by which aggregate assets increased last year was traceable to that cause. But any such concession will be very much within the discretion of the Government of the day, and the mood of economic nationalism, which has been rather subdued of late, might very well return.

The White Paper itself makes proposals for foreign banks that reach the \$300m. ceiling: if they "canadianise" they will be freed from restrictions upon their growth. To "canadianise" means limiting the element of foreign ownership to 25 per cent. and the share of any one foreign owner to 10 per cent.

It is improbable that many of the foreign near-banks, and above all the European-owned ones, will wish to take that route. On the other hand Citibank, which has long been on the Canadian scene by virtue of

its holdings in Mercantile Bank, has "canadianised" under a special dispensation which to some extent is setting the pattern for the ruling now proposed.

A further restriction that is proposed would forbid a foreign bank, once it has an affiliate bank in Canada, from owning other affiliate companies there. Besides the Citicorp-Mercantile Bank complex, that would affect several British banks which, besides providing near-bank services in Canada, also have Canadian daughter companies dealing in businesses such as consumer credit, re-insurance, and travel. In some cases these operations could probably be amalgamated with the banking side. Otherwise the banks concerned must hope that excep-

tions will be made for businesses already established.

Certainly it is hard to see how it will be possible to avoid having to make special arrangements for Citibank's Canadian interests which, besides Citicorp and Mercantile Bank, with a balance-sheet in excess of \$11bn., include trust and leasing activities.

Mercantile, originally a Dutch foundation, was bought by Citibank in 1963. The Bank Act of 1967 (still in force) made it necessary to "canadianise," and under an agreement Citibank's stake was run down to 25 per cent. by last year, well ahead of the agreed schedule. As rights of the agreed schedule. As rights issues are made in future, the parent bank will repurchase its rights until it is down to a holding of no more than 10 per

cent.

The complications arising where there are sister companies of that sort can, of course, be avoided if the foreign bank concerned decides that it does not need bank status in Canada. In practice, however, that may be difficult. Foreign-owned near banks are to be deprived of the right to borrow in Canada with a guarantee of their parent bank. In the case of Citibank, because it is a household name in North America, that may pose no problems; others would probably find it expensive to have to do without such a guarantee.

That is probably the most persuasive argument for turning a foreign near-bank into a bank proper once the new legislation is in force. It will cause prob-

lems where the bank activities will make the institutions lie reserves with Canada for the as long as the the \$500m. reserves are rate and can. described as a bank status, or release these certain tax d have narrowed withholding foreign borrow be levied.

Positive

The Canada have not arrive judgment upon but on balance positive. Clear would like a n lation included Canadian bank reciprocal tre tries whose themselves i White Paper reciprocal tre expected—and variety of ba the U.S. alone much as can i there are bankers who loose phrased to come in fro administrative foreigners ma tive.

Though the layed the cha White Paper foreign banks force roughly; it is as well; the Canadian is sufficiently not to be a rush to Toron 1973. Yet give of U.S. owner industry, ma bank may be the market friends from Retail ba another story profitable to t knit branch Canadian cha one foreign n "We shall status—but t need is a grou everybody cor small account.

A FINANCIAL TIMES SURVEY
WORLD BANKING

APRIL 25 and MAY 2 1977

The Financial Times is preparing to publish its annual two-part survey on world banking on April 25 and May 2.


Part 1, on April 25, will include in its editorial coverage analyses of the international financial and economic situation; international monetary arrangements; international banking; interest rate trends; gold, foreign banks in London and reviews of economic and industrial developments in a number of countries, mainly in Europe.

Part 2, on May 2, will contain articles on the pound; the dollar; the Euromarkets; project finance; non-OPEC developing countries; development finance and new international financial centres in the Middle East. Other articles will review financial and industrial developments in a number of countries including the United States, Japan and the COMECON nations.

The proposed publication dates are April 25 and May 2; copy dates are April 11 (Part 1) and April 18 (Part 2). For further details of the synopsis and advertisement rates contact Helen Lees, 01-248 8000, extension 238, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: 835033.

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J.P. ...

CANADIAN BANKING AND FINANCE V

Trusts pose the questions

THE Canadian Government's proposals for a new banking system, which would have a big impact on other institutions last year...

with \$30bn. in assets. Five of the 11 banks alone account for 90 per cent. of the total \$126-billion of assets in the banking system.

Dominance

The trust companies' group argues that, in addition to the bank's dominant position in their traditional field, they have been expanding both directly and indirectly into non-banking areas to the detriment of other financial institutions.

An important example is Ottawa's proposal to bring the trusts companies under the reserves system that presently covers only the banks.

There would be some carrots to go with the stick. Trust companies, as members of the Association, would have the right to clear their own cheques through the national system.

Equanimity

A number of the companies like Canada Trust can afford to view this short-term effect on profits with some equanimity in current interest rate conditions.

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facts

the business that it wants—handling of deposits and such agency as stock transfer continues to offer profit prospects.

On the face of it, this seems reasonable. But the trust companies are, in fact, already subjected to fairly tough regulations either by Ottawa or by provincial governments which are designed to ensure that they maintain sufficient liquidity.

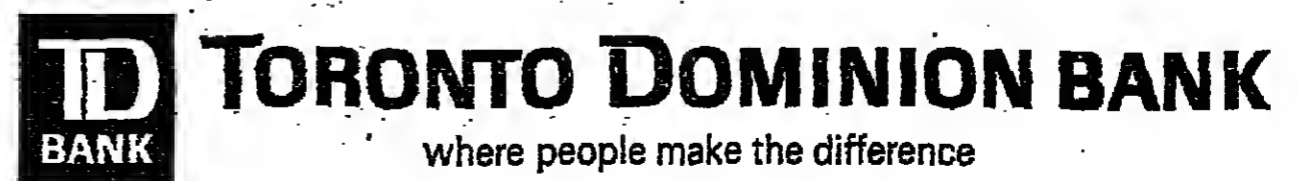


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Brokers close ranks

AND economic uncertainty have knocked a lot of stock trading in the dismay of investors. But it has a much-needed confidence in the securities business, more stable and firms.

last year—\$1bn. higher than in 1975 but well below the \$6bn. plus figures of 1972 and 1973.

Performance

Without a lot of activity in Canadian oil shares last year the market's performance would have been considerably worse. Basically, the industrial indices have been flat (Toronto's industrial index quadrupled overnight at the year-end only because a new index system was introduced).

Underwriting and money market dealings, rather than stockbrokerage, have kept most dealers profitable over the past few years and, as long as inflation remains high and the federal wage, price and dividend controls are on, stock trading is likely to remain slow.

Market activity last year was better than in 1975 but not particularly good. On the Toronto exchange, which accounts for 73 per cent. of the value of all trading in Canada and 42 per cent. of the volume, \$5.1bn. worth of shares traded

CONTINUED ON NEXT PAGE

Underwriting prospects favourable

THE OUTLOOK for property-casualty insurance companies in Canada appears fairly stable in 1977, in the wake of the hefty premium increases in most insurance classes in 1975 and 1976.

Provided inflation is kept reasonably under control and pricing holds at currently adequate levels the industry expects a continuing improvement in underwriting profit and an over-all improvement in company operating ratios. While 1976 underwriting results are not yet completely tabulated, industry spokesmen say results were at a break-even level last year at plus or minus \$20m. to \$25m. Written premium income should show an increase of close to 25 per cent to more than \$4bn. This is in marked contrast to the underwriting losses of \$291m. in 1974 and \$142m. in 1975 that hobbled market capacity and reduced the insurers' capital funds so severely that an infusion of about \$300m. in new capital was required to assure solvency. The losses were mainly attributed in depressed premium levels brought about by unbridled competition, the rising inflation rate that upset estimated claims costs and declining securities values.

On the earnings side, investment income is also expected to show good gains. In 1976, the industry further benefited from an improvement in the market value of company holdings as interest rates continued to decline and bond prices generally firmed up. Of expected investment income in 1976 (about \$400m.) close to 60 per cent was derived from funds obtained from insurance operations and the remainder from capital and surplus funds. This would indicate that pre-tax profit was around 5 to 6 per cent on operations last year compared with about 1 per cent in 1975.

However, the improvement is likely to have only a marginal effect on market capacity in 1977. The gain in operating results has placed the companies in conflict with profit margin restrictions allowed under the Federal Government's anti-inflation controls programme, because the 1970-74 or 1975 periods chosen by the Anti-Inflation Board as the bases on which to regulate all corporate profits were poor years for the insurers. A concession was made limiting them to a pre-tax return of 3 per cent of gross premiums plus investment income earned on underwriting funds excluding equity fund investments.

since most companies will fall into the AIB's excess revenue category.

"The irony of the situation is that during this first year of recovery which was occurring in 1976, the regulations under the Anti-Inflation Act may well remove part of the much-needed and long-awaited profit obtained by the companies. In so doing, a certain amount of available capacity will also be reduced." The IBC argues that during the AIB base periods in 1974 they appear to have hit the bottom of the downward curve of the industry's usually cyclical performance.

"Consequently, to measure the results of the companies during 1976 in relation to what was being accomplished during this base period is both unrealistic and inadequate," he said.

Mr. Damov further observed that "not only did the industry at large have unsatisfactory results, but in fact the majority of companies had unsatisfactory results, so that the vast majority of them are now subject to these restrictions."

In the case of automobile insurance, the area where the AIB says most complaints come from the public about price increases, the insurers in an excess revenue position plan to make returns to customers. Under AIB rules the insurers could choose to give rebates or pay a 100 per cent tax on excess profits, or reduce premium increases on policy renewals this

year. The companies say the most likely course would be to reduce or postpone anticipated premium rating increases next year when the 1977 premium rating programmes go into effect in July. So far, one company, Co-operators Insurance Association of Guelph in Ontario, has given notice it will reduce premiums by 15 per cent this year. At the same time, most companies have delayed introducing their 1977 residential insurance premium increases because of the time it takes to complete the AIB prenotification forms. One company has made representations to the AIB seeking a change in the board's base period selections in a market that is still adjusting to the withdrawal of three major insurers last year, and cutbacks by at least a dozen more.

The AIB regulations on profitability mean the industry is facing longer term capacity problems. A. A. Horsford, president of Royal Insurance of Canada, the country's largest private insurer, described the restrictions as "extremely onerous" for an industry that has to generate additional free funds to provide for future insurance needs.

As the Canadian economy grows "the only way to expand capacity is through retained earnings, and the regulations curtail the industry's ability to do that. The AIB framework is such that companies may find they cannot add in assets as much as they planned and as

much as is necessary to meet the demands of the economy," he said. As for 1977, Mr. Horsford said the outlook is for stability in the market with underwriting results "at more satisfactory levels than they have been for several years."

He expects car and property insurance will have "relatively modest" premium rises this year—probably around 8 per cent for most personal and commercial lines—to reflect the anticipated rise in the inflation rate.

Trends

However he also sees exceptions to the general price softening trend in residential insurance, partly reflecting last year's severe storms in the Atlantic provinces, and in commercial liability insurance a distinguishing feature is the recent election of the separatist Parti Quebecois in Quebec, which may lead to the nationalisation of car insurance in the province. The private industry last year and some property coverage some years ago to Government-run plans in Saskatchewan and Manitoba and so far has been unable to persuade the new government in British Columbia to permit open competition for all car insurance coverages offered by the provincially-owned Insurance Corporation of British Columbia.

Mr. Damov predicted that car insurance premium rates will likely hold the line in 1977 because of the lowering of the inflation rate and the reduction

in both the number and cost of accidents and insurance losses. The recent drop in the commission rate paid to agents from 25 to 20 per cent for personal property coverages should also ease expense ratios. However, he said, there are disturbing trends towards higher premium levels in commercial liability insurance, especially for product liability coverage because of an increased claims consciousness among consumers and rising judicial awards.

"We are now beginning to see in Canada many more product and professional liability claims than we did five or 10 years ago," Mr. Damov said. Canadian life insurance companies which had a record sales income up 12 per cent to more than \$3.55bn. expect a further 12 per cent increase this year to around \$4.41bn. While individual insurance premium income continued to rise there was some slackening in group

life and health insurance premium growth because of union wage controls which encouraged negotiators to concentrate on dollar wage increases at the expense of fringe benefits improvements. For the 1973 to 1975 period, the companies reported investment increases of 26.4 per cent to \$29.6bn. Property investments and corporate securities totaled \$11.7bn. each were the two largest investment categories, while federal, provincial and municipal bond holdings totalled \$4.7bn. However among property investments, the companies warned that investments in residential mortgages could decline in 1977 if the proposed Federal Borrowers and Depositors Act becomes law. The legislation would give borrowers under conventional mortgages the right after three years to repay their loans without notice so that the lenders would be locked into the contract while the borrower would not. T. R. Suttie, chairman of the Canadian Life

Insurance Association, expressed concern that type of annuity would turn out to be a net loss for the industry. He said that in 1976, the industry reported investment gains that were five per cent above the target. He said that in 1976, the industry reported investment gains that were five per cent above the target. He said that in 1976, the industry reported investment gains that were five per cent above the target.

Brokers

CONTINUED FROM PREVIOUS PAGE

Dominion Securities and Nesbitt Thomson Securities. The most significant merger last year produced the firm Burns Fry.

In 1969 the Toronto exchange had 100 member firms; it now has 75. The number of stockbrokers working full time has dropped to 4,500 from over 5,000 a few years ago, and the number of branch offices is down by 10 per cent in the same period to less than 400.

A broker's survival depends on commission rates as well as the volume of orders, of course, and rates also may be going down. The Ontario Securities Commission, the provincial agency which regulates the Toronto exchange, has asked it to file a new set of rates before the end of March.

This request came after a hearing last year into the possibility of eliminating fixed "minimum" charges and switching to negotiated rates, as U.S. brokers have done. The exchange took the position of most of its members in arguing that fixed rates be maintained.

The Commission initially seemed to favour scrapping fixed rates on principle and because of the difficulty of finding an equitable schedule. In the end, they were probably won over by arguments that negotiated rates would produce brokerage dis-count wars in which the big firms would wipe out the small ones.

Since the securities business is already working itself into a collection of fewer strong firms, it probably made sense to permit fixed rates to continue for a few years. However, Canadian brokers have to compete with U.S. brokers, so the debate will undoubtedly continue.

Throughout the rate hearing, the Commission showed concern over the volume of trading in shares of large Canadian companies in New York, where most such shares are also listed. Although Americans account for the most of that business, an increasing number of Canadian institutional investors are dealing through U.S. brokers to take advantage of lower commissions on large transactions.

In submitting its new rate proposal, the Toronto exchange will probably want to go further toward meeting U.S. competition (Canadian rates are already negotiable on the portion of an order in excess of \$500,000). But many brokers also want to see rates reduced for individual investors, so if that is allowed it will not be easy to devise a

system to maintain total associated revenues. The new rates schedule that the Ontario Securities Commission must approve will apply only to trading on the Toronto exchange, but Toronto's rates are traditionally adopted by the other exchanges.

To give brokers an additional product to boost revenues, trading stock options were introduced almost two years ago. Options on Canadian stocks are cleared through affiliates of the Toronto and Montreal exchanges, but Canadian investors have shown a preference for dealing in U.S. options.

This is because the U.S. market is more active and the opportunities in options are greater, and because U.S. options were sold in Canada before domestic options became available. Also Canadian investors shifted to U.S. common stocks after the economic controls programme was introduced, so playing U.S. options naturally followed.

Canadian options are awkward because Toronto and Montreal have many of the same companies listed but contracts must be closed out through the exchange on which they were taken. In contrast, most common stocks are interlisted and can be bought and sold on any of the exchanges.

Having two options clearing corporations means investors and, largely to eliminate that, must be given two prospectuses. The Ontario Securities Commission also ordered the two exchanges to come up with a plan for joint clearing by the first of this year. They had not done so by early March.

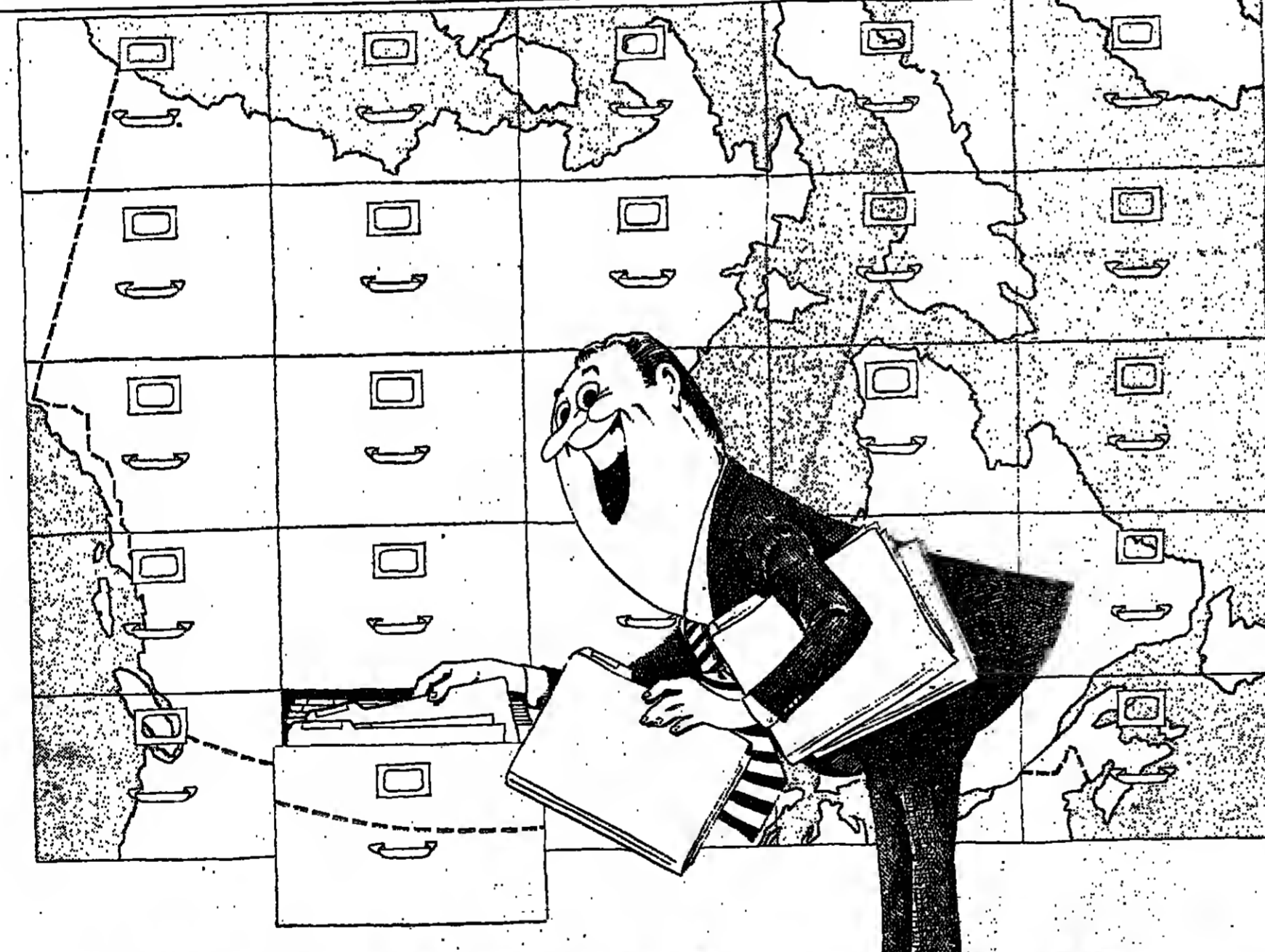
The stumbling block is Montreal's proposal to split the list of options with Toronto. In this way, Montreal wants to ensure that it handles perhaps half the business and prevent activity from sliding away to Toronto, as has happened with stocks. A decade ago, Montreal Toronto for 68 per cent. Last year, Montreal had 21 per cent through U.S. brokers to take advantage of lower commissions on large transactions.

The shift of trading from Montreal has worried all recent governments in Quebec because it also represents a parallel shift of investment brainpower and decision-making. A strong financial community in Montreal is seen by the pure socialists as essential to Quebec's economic goals.

The calibre of people now

change in the president's chairmanship of the Commission on the new. The Ontario Securities Commission must approve will apply only to trading on the Toronto exchange, but Toronto's rates are traditionally adopted by the other exchanges.

The Board of Trade is looking for a rush in the job market. He spoke with the successful computer government economic changes in federal tax incentive program—each everyone \$100,000, in stocks of many companies. Inflation-financing for additional company shares at the price of a smaller one go deeper into government weakening. Only \$22.5bn. investment went into preferred stock. The government will have the deal raised over the wage controls last to investors modest.



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FARMING AND RAW MATERIALS

Renewed confidence brings stability in metal markets

JOHN EDWARDS, COMMODITIES EDITOR

AL PRICES advanced at \$6317.5 a tonne. In percentage on the London Metal Exchange, however, the biggest gains were seen in lead and zinc...

stocks in Europe that are already at a low level. However, the report points out that the surge in lead demand is based largely on battery consumption...

S. chrome import move impact

QUENTIN PEEL

JOHANNESBURG, March 15.

THE PRODUCERS in South Africa are supplying 38 per cent of the U.S. demand (439,000 tons) compared with Rhodesia's 39,000 tons (3 per cent)...

production of ferrochrome are coming on stream in the Eastern Transvaal, where they are conveniently placed to serve the rail line to Maputo and near their ore deposits...

australian wool floor price pledge

ENNETH RANDALL

BRITAIN'S CONSUMPTION OF particle board (wood chipboard and flaxboard) was a record 1,751,000 cubic metres last year...

ALLA'S MINISTER for industry, Mr. Ian MacLennan, today dismissed wool speculation on the likelihood of a change in the floor price...

When the Australian Wool Corporation (AWC), consistent with the original floor price adjustment sought to lower the price in line with the revaluation, Mr. Sinclair refused...

Coffee soars to new peak

By Richard Mooney

LONDON COFFEE futures soared into new high ground yesterday with the May position gaining £33.5 to £4,107.5 a tonne...

Minor fall

By Peter Bullen

THE FRESH attack on the EEC's farm pricing policy was launched yesterday by a House of Lords Select Committee which has called for a special debate on the issue...

Record U.K. particle board consumption

FINANCIAL TIMES REPORTER

BRITAIN'S CONSUMPTION OF particle board (wood chipboard and flaxboard) was a record 1,751,000 cubic metres last year...

LORDS SELECT COMMITTEE ON EEC Farm pricing policy attacked

BY PETER BULLEN

The accompanying table shows the Committee's estimates of possible increases in retail prices for selected foods following the proposed EEC price changes...

POSSIBLE FOOD PRICE RISES

Table with 4 columns: Present Retail Price, EEC Price Package, Transition changes, Total increase. Rows include Bread, Bacon, Beef, Butter, Sugar, etc.

The Committee believes that to maintain indefinitely the present level of divergence between green rates and market rates would be untenable...

Consumer groups lobby Brussels

BY ROBIN REEVES

BRUSSELS, March 15.

EUROPEAN CONSUMER organisations lobbied the EEC Council of Agricultural Ministers for the first time here today and demanded a freeze for farm products in surplus...

Much of what they said was, of course, close to Mr. Silkin's heart and indeed, coincides with the U.K. Government's positions in the farm price negotiations...

COMMODITY MARKET REPORTS AND PRICES

Table listing prices for various commodities including metals, coffee, rubber, and wool.

PRICE CHANGES

Table showing price changes for various commodities over a period of time.

U.S. Markets

Table listing prices for various commodities in the U.S. market.

Advertisement for Platinum and Rubber Reports, featuring Conti Research and technical analysis.

Advertisement for Harrogate Hotel, offering various services and amenities.

Advertisement for Conti Commodity Services Ltd., providing market analysis and reports.

Advertisement for Chartists push up copper, featuring financial data and market insights.

STOCK EXCHANGE REPORT

Short Gilts better again on interest rate hopes Profit-taking elsewhere absorbed—Index off 0.9 at 427.9

Account Dealing Dates

First Declared Last Account Dealings (Ions Dealings Day) Feb. 28 Mar. 10 Mar. 11 Mar. 22 Mar. 24 Mar. 25 Apr. 20 Mar. 28 Apr. 1 Apr. 2 Apr. 20

Stock markets made a somewhat hesitant showing yesterday after the recent sharp upsurge which was based mainly on hopes of lower interest rates and expectations of tax cuts in the Budget due in two weeks' time.

Gilts mixed

Appearance after an irregular start. The market for gilts was mixed, with short-dated issues showing a slight advance and longer-dated issues showing a slight decline.

noticeable return to profitability.

Home Banks had little to offer following a reasonable trade and a decline in the market for gilts.

BICC react

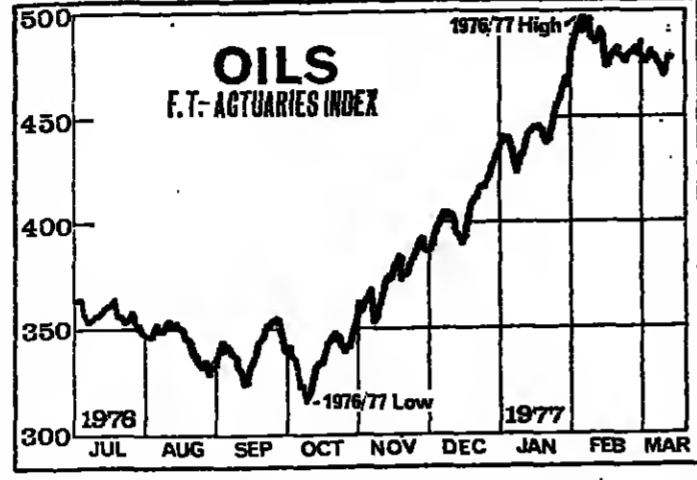
Leading Electricals experienced a small two-way trade which left most prices near Monday's closing levels.

Surprise Judge bid

The BSR cash bid of 23p a share for Judge International, standing at 11p, was raised to 24p.

Quiet day in Oils

Although only a small interest was shown in Oils, British Petroleum closed at the good of 54p.



which becomes a short-dated stock today, put on a rise to 12 1/2%. In contrast, long-dated gilts gave a little ground.

Scottish and Newcastle led the way to higher ground with a rise of 3 1/2 p.

Secondary issues provided the main focal points in Stores. Buyers on considerations of the company's potential helped Court A add 8 p.

Although reporting interim figures at the top end of market estimates, Brooke Bond still closed 11 p easier at 55p.

The BSR cash bid of 23p a share for Judge International, standing at 11p, was raised to 24p.

Estates House continued to show a figure prominently in Investment Trusts, improving in a sharp bid over to finish 9 better at 197 1/2.

Overseas Traders went selectively higher on further consideration of the Treasury's ruling that the increase is freed from dividend controls.

Table titled 'FINANCIAL TIMES STOCK' showing market indices for various sectors like Government, Industrial, and Gold Mines.

Table titled 'HIGHS AND LOWS' showing price ranges for various stocks like Govt. Sec., Fixed Int., and Gold Mines.

RTZ up a The main attraction again centred on RTZ, which closed at 23p for a two-day gain of 1 1/2 p.

ENTERTAINMENT GUIDE

Entertainment guide listing various theatrical productions, including 'The Royal Ballet', 'Theatre', and 'Theatres' with showtimes and locations.

RECENT ISSUES

Recent issues section containing tables for 'EQUITIES', 'FIXED INTEREST STOCKS', 'RIGHTS' OFFERS', and 'ACTIVE STOCKS'.

FT—ACTUARIES SHARE IND

FT—Actuaries Share Index section containing tables for 'EQUITY GROUPS', 'FIXED INTEREST', and 'NEW HIGHS AND LOWS FOR 1976/77'.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Handwritten signature or initials in a box at the top right.

Table of Authorised Unit Trusts listing various funds such as Brown Shipley & Co. Ltd., Henderson Administration, and others with their respective performance metrics.

Table of Offshore and Overseas Funds listing various international investment funds such as Fidelity Mgmt. & Res. (Bds.) Ltd., Kemp George Management Jersey Ltd., and others.

Table titled 'BASE LENDING RATES' showing interest rates for various banks and financial institutions.

Table titled 'MANAGEMENT LISTS' listing various management companies and their associated funds.

Table titled 'INSURANCE, PROPERTY, BONDS' listing various insurance and investment products.

Advertisement for 'MAS-Cont' featuring art galleries and exhibitions.

Advertisement for 'ART GALLERIES' listing various art exhibitions and galleries.

Advertisement for 'INSURANCE BASE RATES' and 'CORAL INDEX' with detailed financial data.

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FT SHARE INFORMATION SERVICE

INDUSTRIALS

BRITISH FUNDS

Shorts (Lives up to Five Years)

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

CANADIANS

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

BUILDING INDUSTRY—Continued

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

DRAPERY AND STORES—Continued

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

ENGINEERING—Continued

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

BANKS AND HIRE PURCHASE

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

CHEMICALS, PLASTICS

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

ELECTRICAL AND RADIO

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

ENGINEERING MACHINE TOOLS

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

Five to Fifteen Years

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

Over Fifteen Years

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

INTERNATIONAL BANK

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

CORPORATION LOANS

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0

ENGINEERING MACHINE TOOLS

Stock	Price	%	Div. Yield
100	100	0	0
105	105	0	0
110	110	0	0
115	115	0	0
120	120	0	0
125	125	0	0
130	130	0	0
135	135	0	0
140	140	0	0
145	145	0	0
150	150	0	0
155	155	0	0
160	160	0	0
165	165	0	0
170	170	0	0
175	175	0	0
180	180	0	0
185	185	0	0
190	190	0	0
195	195	0	0
200	200	0	0



PERFECTION IN TOWER CRANES

Tax men query Hoover pricing

By Michael Lafferty, City Staff
 THE Inland Revenue is investigating the prices at which Hoover U.K. domestic appliances group exports products to its overseas associates, particularly those in France and Germany, the company confirmed yesterday.
 Discussions with the company, which is a subsidiary of the Hoover Company of the U.S., centre around whether or not the prices charged by Hoover U.K. to the overseas associates are set at an artificially low level, thereby depressing the U.K. company's profits.
 The discussions have been going on for several years, but the company said that the Revenue has yet to agree with Hoover U.K.'s corporation tax assessments for all years since 1969. The company said that it had been making interim payments on the basis of provisional assessments.
 A note to Hoover U.K.'s 1976 accounts, published yesterday, states that tax computations for 1977 and subsequent years have not been submitted due to discussions with the Inland Revenue regarding the taxation treatment of capital allowances (which have now been agreed) and the pricing of export sales.
 "The opinion of the directors of the company's independent international taxation advisors and its auditors, export prices were arrived at on the basis required by the Taxes Act. Full provision has been made for all known liabilities."
 A spokesman for the company was highly critical of the Inland Revenue's methods in the pricing investigation.
 "They don't take a commercial outlook. But they will find it very difficult to compare us with any other company," he said.

Smith dismisses surrender talk

By Richard Holman
 SALISBURY, March 15.
 IN A nationwide broadcast to-night, Mr. Ian Smith, the Rhodesian Prime Minister, dismissed suggestions that the recent Bill to open White agricultural land to Blacks indicated that his Government was "about to surrender and hand over our country."
 The address comes on the eve of a meeting of the Rhodesian Front national executive. It will discuss the holding of a special congress of the party at which the 12 MPs who this month voted against the Bill are likely to accuse Mr. Smith of breaking Front principles.
 Mr. Smith this evening combined reassurances to Whites about their future, warnings of increased pressures, and an appeal for unity.
 He made no reference to his intentions, announced on January 24, to reach an internal settlement, and the country still awaits details on which Black leaders will be invited or how their support will be tested.
 He dealt briefly with the renewed British settlement efforts: "I can only express the hope that these will be realistic."

Misconception

Again he declared his willingness to implement the Kissinger proposals, "provided the agreement is honoured by other parties to it."
 It was necessary, he said, to correct the misconception that in Geneva the Government had accepted majority rule by March 1, 1977. There was no such commitment. It had been a target date based on an "optimistic" assumption that the conference would reach a successful conclusion by the end of November.
 Repeat of the Byrd amendment, which allows the U.S. to import Rhodesian chrome, would have "a minimal effect" on the Rhodesian economy, said Mr. Smith.
 "The Americans must be well aware of this, but they presumably believe their action will weaken our resolve. They will find that their assessment was wrong."
 The Prime Minister launched a vigorous attack on the 12 "rebel" MPs, who have been advocating a settlement based on either Black-and-White provincial assemblies, or the Swiss cantonal system.
 "If we are going to be realistic we must admit that any constitutional solution based on the concept of provincialisation or any similar principle involving a geographical division of the country is completely unacceptable, not only to Black Rhodesians but to the rest of the free world as well."
 Mr. Smith repeated his challenge to the MPs to have the moral courage to test their support by elections. If they won, he would call a general election, he said.
 Parliament Page 15

Bank of Italy supports lira to halt slide

BY DOMINICK J. COYLE
 ROME, March 15.
 SIGNIFICANT support was necessary again today to halt a further slide in the lira as foreign exchange markets both here and abroad reacted to the violence which hit Rome and a number of other Italian cities over the weekend.
 The Bank, following normal practice, would not disclose the extent of its intervention, but dealers reported that the immediate strain was clearly being taken on the reserves rather than the exchange rate, which closed to-night one point lower at L587.50 against the U.S. dollar.
 Meanwhile, a detailed outline of the Letter of Intent which the Italian Government will have to sign in exchange for a further drawing of \$500m. from the International Monetary Fund (IMF) has now arrived in Rome from the funds headquarters in Washington.
 The contents, which are understood to include tough and politically-sensitive conditions, will be discussed here with senior IMF officials over the next 48 hours by the visiting IMF mission, led by Mr. Alan Whitehouse, who heads the Fund's European office.
 The IMF is thought to be insisting that the Italian Treasury deficit this year should not exceed \$11bn., and that total credit expansion must be limited to \$24bn. However, since the expected public-sector deficit is expected to reach \$19bn. in the current year, the productive sector would be limited within these guidelines to some \$15bn.
 The IMF is thought to be pressing for some shift of the overall \$34bn. total in favour of the productive sector. It is in effect asking for a \$2bn. cut in projected public-sector spending this year. The Government may agree to roughly half this amount and promise more in 1978.
 Mr. Whitehouse and his colleagues are said to be insisting that there can be no finality to present negotiations unless Parliament approves formally the terms of a decree law which removes the effect of recent increases in indirect taxation from the basis on which quarterly threshold payments to

Bid to save turbine jobs

BY MAX WILKINSON, INDUSTRIAL STAFF
 POWER ENGINEERING companies have been asked by the Government to delay the announcement of redundancies for a fortnight in the hope that a solution for the industry can be found.
 "Without Government intervention, C. A. Parsons, the Newcastle turbine-generator maker, would now be declaring 900 men redundant.
 Substantial redundancies at Babcock and Wilcox's Renfrew boiler-making factory are also imminent.
 The Government maintains that it will not call the Central Electricity Generating Board to order a £500m. power station to help save these jobs unless agreement on mergers between the four power engineering companies can be reached.
 So far GEC, the largest company, has refused to agree to any merger on terms which Parsons or the unions can accept.
 A merger of Babcock and Wilcox's boiler-making interests with those of Clarke Chapman of Gateshead is at an advanced stage of negotiation with the National Enterprise Board. The Board is likely to take a minority stake in the new company.
 One possibility being discussed is for an outright takeover of C. A. Parsons by the Enterprise Board. The proposal, being

Aircraft and shipyards Bill will become law to-morrow

BY RUPERT CORNWELL, LOBBY STAFF
 ALMOST TWO YEARS after it was first introduced in the House of Commons, the Aircraft and Shipbuilding Industries Bill will become law to-morrow.
 The legislation becomes law to-morrow, when it receives the Royal Assent.
 The final chapter lasted barely 20 minutes in a sparsely attended Commons, as MPs approved the amendments sent back from the House of Lords excluding from the Bill its provisions to take over ship-repairing companies.
 The anti-climax after months of bitterness and controversy was total. No one seemed enthusiastic at the outcome, the result of a humiliating Government eulimdown when the ship-repairing section of the legislation was declared by the Parliamentary Examiners to be hybrid, giving unequal treatment to identical interests.
 Faced with the prospect of further long delay in the Lords, the Government reached a compromise with the Conservatives a fortnight ago, agreeing to drop ship-repairing in return for the speedy passage of the remainder of the Bill.
 Mr. Norman Lamont, Tory industry spokesman, repeated his party's hostility to the entire Bill, while Mr. Gerald Kaufman, Minister of Industry, made no comment when he merely rose to move the deletion of the 12 ship-repairing companies.
 The legislation goes on the Statute Book this week. For the aircraft industry vesting day is next month. For the shipbuilding industry it will be a few weeks later.
 Negotiations over compensation to private shareholders will start very quickly, and settlement will be made after the respective vesting days, industry Department officials said last night.
 Michael Doonee, Aerospace Correspondent, writes: Mr. Kaufman said that the Government would do all it could to help the "nationalised" corporation become a success.
 "It is orders, and only orders, that a great competitive manufacturing industry can live upon," he said. "Orders can only be won by offering what is needed, when it is needed, and at a competitive price.
 The nationalised industry would not get funds to make aeroplanes that looked fine on the drawing board but could not attract customers.
 Only projects with commercial promise would be financed. "In that way we can and will harness the human and technological resources of this industry for the profit of the nation as a whole."
 Parliament Page 15

Interest rates still falling

BY MICHAEL BLANDIN
 INTEREST RATES continued to fall in the money markets yesterday, raising the possibility that the Bank of England could be forced to intervene again to prevent too rapid a decline in its own minimum lending rate.
 Rates on Treasury bills were at levels which, if maintained at Friday's weekly tender, could produce a minimum lending rate of 10 1/2 per cent on the normal market-related formula.
 The Bank gave no signals of its policy yesterday to the market, where day-to-day credit was in good supply.
 But it is widely understood that the authorities would be reluctant to see a further substantial downward trend in rates at present, with the uncertainty surrounding the forthcoming Budget and the negotiations over the pay policy.
 The normal market-related M.L.R. formula was re-activated only last Friday after the Bank had cut the rate from the 12 per cent level at which it had been held for five weeks.
 This level was established and maintained by administrative action, with the formula in suspension, in a period when the market would otherwise have brought rates down more rapidly.

Continued from Page 1

Industrial production

from the recession, with manufacturing output growing sluggishly at best.
 So far it stands at nowhere near the rate required to achieve the 5 1/2 per cent increase between the second halves of 1976 and 1977 targeted by the Treasury last December.
 Engineering production has, for example, shown barely any increase in the past year, while on a three-monthly comparison, metal manufacturing output is 1.8 per cent down and chemicals output only 1.1 per cent higher.
 This is consistent with the picture of depressed domestic demand presented by the retail sales index on Monday and of very slowly growing exports of manufactures indicated by the trade figures on the same day.
 The official hope is that strong export order books shown by all intentions surveys will soon come through to production.
 A stimulus is also expected from a recovery in manufacturing investment, though over the past three months the output of the investment goods industries was little changed.
 The only recent bright features have been mining and quarrying—up 9.8 per cent on a three-monthly basis with all the rise coming from North Sea activities—and gas, electricity and water

Platform builders stay on strike

BY RAY DAFTER AND RAY PERMAN
 EMPLOYEES AT Highland Fabricators' oil platform construction site in Scotland yesterday voted to continue a strike which could delay production from an important North Sea oilfield and, possibly, threaten further work at the yard.
 Full-time union officials were called in to try to end the two-week-old strike at Nigg, Easter Ross. A meeting of 700 men, about half the workforce, rejected a recommendation from shop stewards that they should return to work.
 The dispute is over bonus payments to be paid on completion of the \$20m. steel platform being built for the Chevron group's Ninian gas platform in the North Sea. The strike is prolonged because the platform has some 1,100 barrels of recoverable reserves, may not come on stream in the first quarter of next year, as planned.
 If the platform is seriously delayed it could deter the group from confirming a \$40m. order for a further platform for Ninian—an order announced only last month.
 Mr. Glenn Schurman, managing director of Chevron Petroleum (UK), said yesterday that the group was not seeking an ultimatum, however. "We are hoping that we can work this thing out and get the platform out in reasonable time."

Lost bonus

The platform is 90 per cent complete. Only about 28 days' work is left. As a result, a large part of the bonuses (up to about £500 per man) has already been paid. According to Chevron, some employees have still to receive up to £887 under the bonus arrangement.
 The strikers say that delays to the platform caused by design changes and by the management's decision to lay off some workers at the end of last year would cost them up to £200 each in bonuses.
 Yesterday's meeting followed an unsuccessful mediation attempt last week by Mr. Jimmy Milne, general secretary of the Scottish TUC. The meeting was attended by many of the specialist workers who normally live in the south of Scotland and England. They seemed to be taking a hard line than the workers who live locally.
 The management offer would have meant an extension of completion deadlines by two weeks. In this way the platform could still have been handed out in April and the men would have earned their full bonus.

Weather

UK TO-DAY
 CLOUDY with outbreaks of rain. Some sunny spells.
 All England except E. and N.E. Wales, Channel Is.
 Mostly cloudy at first, with outbreaks of rain. Brighter but showery later. Max 10C (50F).
 E. N.E. England, Borders, Edinburgh, Dumfries, Newcastle.
 Bright at first, becoming cloudy with rain and then showers. Max 8C (46F).
 L. of Man, S.W. N.W. Scotland, Glasgow, Highlands, Moray Firth, Argyll, N. Ireland.
 Bright intervals, squally, perhaps thundery showers. Gales at first. Max 8C (46F).
 N.E. Scotland, Orkney, Shetland.
 Bright intervals, squally or thundery showers. Gales at first. Max 8C (46F).
Outlook: Unsettled.
Long-range forecast: After some unsettled days it will become colder and drier.

BUSINESS CENTRES

Year mid-day	Year mid-day	Year mid-day
Algeria C 10 20	Madrid S 10 20	Paris F 10 20
Americas C 11 22	Manila S 10 20	Rome F 10 20
Athens C 11 22	Mexico S 10 20	Stockholm S 10 20
Bangkok S 11 23	Montevideo S 10 20	Sydney F 10 20
Berlin C 11 22	Mumbai S 10 20	Tokyo F 10 20
Bombay S 11 23	Nairobi S 10 20	Washington F 10 20
Buenos Aires S 11 23	San Francisco S 10 20	Zurich F 10 20
Calcutta S 11 23	Seoul S 10 20	
Cairo S 11 23	Singapore S 10 20	
Cardiff S 11 23	Sofia S 10 20	
Chennai S 11 23	Taipei S 10 20	
Columbus S 11 23	Tel Aviv S 10 20	
Dublin S 11 23	Tientsin S 10 20	
Edinburgh S 11 23	Yokohama S 10 20	
Hong Kong S 11 23		
London S 11 23		
Lyons S 11 23		
Manila S 11 23		
Medan S 11 23		
Mumbai S 11 23		
Nairobi S 11 23		
San Francisco S 11 23		
Singapore S 11 23		
Sofia S 11 23		
Taipei S 11 23		
Tel Aviv S 11 23		
Tientsin S 11 23		
Yokohama S 11 23		

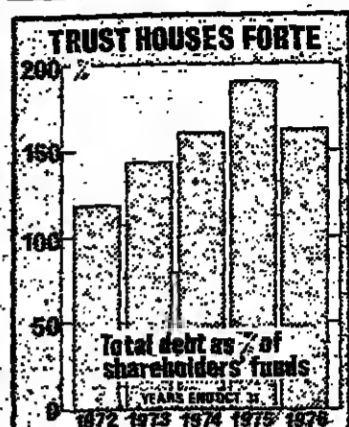
HOLIDAY RESORTS

Year mid-day	Year mid-day	Year mid-day
Algeria S 10 20	London S 10 20	Paris S 10 20
Americas S 10 20	Lyons S 10 20	Rome S 10 20
Athens S 10 20	Manila S 10 20	Stockholm S 10 20
Bangkok S 10 20	Mexico S 10 20	Sydney S 10 20
Berlin S 10 20	Montevideo S 10 20	Tokyo S 10 20
Bombay S 10 20	Mumbai S 10 20	Washington S 10 20
Buenos Aires S 10 20	Nairobi S 10 20	Zurich S 10 20
Calcutta S 10 20	San Francisco S 10 20	
Cairo S 10 20	Seoul S 10 20	
Cardiff S 10 20	Singapore S 10 20	
Chennai S 10 20	Sofia S 10 20	
Columbus S 10 20	Taipei S 10 20	
Dublin S 10 20	Tel Aviv S 10 20	
Edinburgh S 10 20	Tientsin S 10 20	
Hong Kong S 10 20	Yokohama S 10 20	
London S 10 20		
Lyons S 10 20		
Manila S 10 20		
Mexico S 10 20		
Montevideo S 10 20		
Mumbai S 10 20		
Nairobi S 10 20		
San Francisco S 10 20		
Seoul S 10 20		
Singapore S 10 20		
Sofia S 10 20		
Taipei S 10 20		
Tel Aviv S 10 20		
Tientsin S 10 20		
Yokohama S 10 20		

THE LEX COLUMN
Brooke Bond at the tea spiral

Brooke Bond Liebig continues to move forward rapidly, but the profits mix has changed significantly since the second half of 1975. Thus the U.K. has come right back into the picture and accounts for a third of total profits which for the six months to December are \$6.8m. higher at £187m. pre-tax. The tea plantations in Asia and Africa are performing strongly, but the grocery operations in Europe and North America, which did so much to boost earnings last year, have run into problems.
 France and Italy are in the red, Canada is having difficulties with price controls and the grocery industry in the U.S. has suddenly become very competitive. Elsewhere overseas South America is ahead but it has been left to the major tea producers, and strong commodity prices to keep the overseas operations moving upwards. At home, BBL feels that tea consumption has not (so far) suffered from higher prices while its brand dominance in packet tea could be benefiting as consumer trade flows from tea bags. The non-Baxters meat side, which lost £1m. in 1975-76, is breaking even currently, and cubes and tinned goods are ahead.
 Overall, group pre-tax margins are at the best for two years, and it looks as though profits this year could reach £80m. This would drop the fully taxed profit to around 6 1/2% with the share a third higher over the past month at 35 1/2p. But BBL needs to generate high earnings if it is to take care of this year's working capital requirement. Assuming the tea price spiral stabilises, Terry, with maybe £1m. extra, to a £1m. dividend, could come from the Thomas Cook stake. The earnings outlook, moreover, is good; occupancy rates are running at least a tenth higher than last year in the U.K., and forward bookings are high. At a peak of 152p market capitalisation is £168m.

Trust Houses Forte
 The Trust Houses Forte report confirms that the group has improved its gearing ratios, but there does not seem to be much likelihood of further significant progress here in the near term. Partly this is because the group has started spending again: in 1975-76, it increased in fixed assets of £8m. was well within the depreciation charge, but since then THEF has spent over £30m. on the Lyons and Knott acquisitions. Total debt of £211m. at the end of October has risen despite a £22m. by January 31 despite a favourable shift in exchange has come from the first full year's return on the group's



Kleinwort Benson
 Kleinwort Benson, the first of the big accepting houses to so far refuse to report on calendar 1976, has come up with a 15 per cent rise in banking profits to £438m. after a broadly unchanged first half. The corporate finance side has apparently had a good year as has the Eurocurrency business, despite a slight drop in a £22m. by January 31 despite a favourable shift in exchange has come from the first full year's return on the group's

Babcock
 The Babcock document, which is the first of the big accepting houses to so far refuse to report on calendar 1976, has come up with a 15 per cent rise in banking profits to £438m. after a broadly unchanged first half. The corporate finance side has apparently had a good year as has the Eurocurrency business, despite a slight drop in a £22m. by January 31 despite a favourable shift in exchange has come from the first full year's return on the group's

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Orpington £6.00	Leeds £3.25	Leeds
Roufoud £2.25	Notwich £1.60-£3.30	Pontefract
Stratford £6.50	Peterborough £2.75	Pudsey
Wood Green £6.50		Sheffield
		Northam
		Darlington
		Newcastle
		North West
		Booth
		Blackburn
		Manchester
		Preston
		Rochdale
		Southport
		Sturford
		Warrington
		Scotland
		Dundee
		East Kilbride
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